SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 73

UNITED STATES, Appellant,

vs.

GRINNELL CORPORATION, ET AL.

No. 74

GRINNELL CORPORATION, Appellant,

vs.

UNITED STATES

No. 75

AMERICAN DISTRICT TELEGRAPH COMPANY, Appellant,

vs.

UNITED STATES

No. 76

HOLMES ELECTRIC PROTECTIVE COMPANY, Appellant,

vs.

UNITED STATES

No. 77

AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Appellant,

vs.

UNITED STATES

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A63—Memo dated March 20, 1953 from W. B. O'Hara to D. E. Kloster, re: Erie Resistor Corp., Erie, Pa.	6234	4355
A64—Memo dated February 12, 1953 from O. T. Blank to F. J. Concannon, re: Benjamin Moore Co., Denver, Colorado	6235	4356
A66—Memo dated March 6, 1952 from E. A. Rogers, Jr. to A. S. Cook, re: Competition, Wild & Stevens, Inc., Needham Street, Newtonville, Mass.	6236	4357
A67—Memo dated October 2, 1952 from N. Slavin to A. S. Cook, re: Hotels Statler Company, Hartford, Connecticut	6237	4359
A68—Memo dated April 7, 1952 from D. R. Hall to A. S. Cook, re: Ford Motor Company, Natick, Mass.—Compulsory Tour Service	6238	4359
A70—Memo dated January 18, 1952 from D. R. Hall to W. R. Boos, re: Ford Motor Company, Edgewater, New Jersey	6239	4361
A71—Memo dated September 5, 1951 from E. J. Heisley to A. E. Smith, re: Union Bag and Paper Company, Savannah, Georgia	6240	4362
A77—Memo dated August 11, 1955 from J. B. Bodley to L. J. O'Brien captioned Competition—Richmond, Virginia	6241	4363
—Memo dated August 8, 1955 from R. O. Beckham to J. B. Bodley entitled Competition—Richmond, Virginia	6242	4364
A78—Memo dated June 1, 1953 from T. J. Yocom to E. B. White entitled Competition Report	6244	4365
A79—Memo dated July 1, 1959 from Ray Brechbill to Lyle Straus entitled Competition—Fort Worth	6246	4366
A82—Memo dated March 18, 1955 from W. J. Doyle to J. A. Webb, re: The Jamison Plastic Corporation, North Bellmore, Long Island, N.Y.	6245	4367
A84—Memo dated October 10, 1952 from G. J. Simon to John Hannon entitled Beth Israel Hospital, New York City	6247	4368
A85—Memo dated December 9, 1952 from W. J. Doyle to C. S. Hammergren re: Beth Israel Hospital, New York, N.Y.	6248	4369
A86—Memo dated April 8, 1957 from W. R. Boos to W. J. Doyle re: Duro-Test Corp., Secaucus, New Jersey	6249	4370

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
DEFENDANT ADT's EXHIBITS—Continued		
A89—Memo dated July 29, 1958 from C. H. Sanders to W. J. Doyle re: Globe Products Co., Inc., Webro Road, Clifton, New Jersey	6250	4371
A95—Memo dated August 6, 1951 from A. E. Smith to John Hannon captioned Auxiliary Fire Alarm Service, Trenton, New Jersey	6252	4373
A98—Memo dated January 5, 1952 from M. E. Hubert to W. W. Dooley, captioned First National Bank, Omaha, Nebraska	6253	4374
B8—Memo dated March 21, 1961 from A. S. Jacks to L. J. O'Brien captioned Competition, Erie, Pennsylvania	6254	4375
B9—Memo dated November 21, 1960 from J. J. Caffrey to L. J. O'Brien captioned Competitive Advertising	6256	4376
B11—Memo dated May 19, 1959 from R. J. Dellinger to A. S. Jacks re: Gamewell Competition—Erie, Pennsylvania	6260	4379
B12—Memo dated March 7, 1959 from R. J. Dellinger to A. S. Jacks re: Gamewell Company	6262	4381
B13—Memo dated May 17, 1959 from R. M. Bugbee to A. S. Jacks re: Gamewell Competition—Erie, Pennsylvania	6263	4382
B17—Memo dated May 5, 1958 from F. T. Turner to J. B. Rustic captioned "Auxiliary Fire Alarm Systems—City of Pittsburgh, Pennsylvania"	6264	4383
B18—Memo dated April 11, 1958 from R. T. Warner to L. J. O'Brien captioned "Olin Mathieson Chemical Corp., New Haven, Conn."	6266	4385
B19—Memo dated March 28, 1958 from W. J. Dahl to A. W. Sullivan captioned Competition—Fire Alarm Service, City of Portland, Oregon, Auxiliary Fire Alarm Systems connected to Municipal Circuits	6269	4387
B20—Memo dated March 25, 1958 from H. E. Peters to A. S. Jacks captioned Competition	6271	4389
B21—Memo dated October 15, 1957 from "District Sales Manager" (RTW) to L. J. O'Brien, captioned Insurance Relations—FIA and FM	6273	4390
B24—Memo dated June 7, 1956 from G. B. Fosmire to C. L. Chafee, captioned Competition—Columbus, Ohio	6275	4392
B30—Memo dated September 24, 1954 from D. M. Gates to C. L. Chafee	6277	4393

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
DEFENDANT ADT'S EXHIBITS—Continued		
B33—Memo dated September 15, 1954 from J. A. MacDonald to A. W. Sullivan entitled Notifier Mfgs. Co.	6278	4395
B34—Memo dated September 10, 1954 from L. J. O'Brien to J. A. MacDonald re Competition—Notifier Alarm Co.—Spurling Automatic Fire Alarm Co.	6279	4396
B38—Memo dated August 30, 1954 from R. L. Hopf to C. L. Chafee re Competition—Spurling & Notifier	6280	4397
B40—Memo dated June 8, 1954 from Oper. Supt. (DHB) to J. B. Rustic, re Competition—Lincoln, Nebraska	6281	4398
B92—Memo dated September 18, 1952 from R. M. Bugbee to A. E. Smith, re Atmo Competition—New Haven, Conn.	6284	4400
B94—Letter from "Koos Bros." signed by George O. Klemp to B. W. Fox, Anchor Motor Freight-New York Corp., Linden, New Jersey, dated August 15, 1952	6286	4402
B95—Memo dated September 24, 1952 from A. F. Clunan to W. J. Doyle, re Competition—Atmo, Linden Investment Co., Linden, New Jersey	6287	4403
C1—Memo dated May 14, 1951 from R. M. Bugbee to A. S. Cook re Atmo Competition, New Haven, Connecticut	6288	4404
C3—Memo dated July 22, 1957 from J. B. Bodley to O. E. Betscher, captioned M. H. Connell Associates, Miami, Florida	6289	4405
C4—Memo dated July 27, 1962 from C. C. Rasmussen, Jr. to W. J. Robinson, re *"United States* v. *Grinnell Corp. et al."*	6290	4406
C8—Memo dated July 11, 1952 from R. M. Pinio to B. H. Sofge re Ace Burglar Alarm Company, Hartford, Connecticut	6291	4407
C10—Memo dated July 7, 1952 from K. E. Berrett to R. M. Pineo, re Ace Burglar Alarm Company, Hartford, Connecticut	6292	4408
C13—Memo dated July 1, 1960 from D. H. Barnett to L. J. O'Brien re "Proposed Councilmen's Bill, Denver, Colorado"	6293	4409
C14—Memo dated November 29, 1954 from "Vice President" to L. J. O'Brien re Denver Ordinance	6296	4412
C15—Copy of Ordinance allowing Denver Banks to install direct connect alarms, Series of 1954	6298	4414

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
Defendant ADT's Exhibits—Continued		
C21—Memo dated December 18, 1952 from W. K. Francis to E. B. White re Competition—Tele-Fire of California, Pasadena, California	6301	4417
C22—Memo dated April 17, 1953 from J. Heath, Jr. to E. B. White re competition—Fullerton Mutual Orange Ass'n., Inc., Fullerton, California	6304	4421
C26—Memo dated April 11, 1958 from W. K. Francis to L. J. O'Brien, entitled Competition—Sacramento, California	6305	4422
C31—Memo dated August 28, 1962 from W. J. Kupper to Ray Brechbill, re District #13—Sales Integrity and Competition	6306	4423
C32—Memo dated June 16, 1954 from W. K. Francis to E. B. White re Sears, Roebuck & Company, Tucson, Arizona	6315	4432
C33—Memo dated April 29, 1957 from J. A. MacDonald to J. B. Rustic, re Competition—Spurling Fire Alarm & Indicator Co., Louisville, Kentucky	6317	4434
C34—Memo dated December 21, 1956 from W. J. O'Meara to E. O. Betscher, re Yellowstone Distillery, Inc., Shively, Kentucky	6318	4435
C35—Memo dated November 30, 1956 from E. O. Betscher to L. J. O'Brien, re Competition—Spurling Fire Alarm & Indicator Company, Louisville, Kentucky	6319	4436
C36—Memo dated September 12, 1956 from J. B. Bodley to E. O. Betscher, re Competition—Spurling Fire Alarm & Indicator Company, Louisville, Kentucky	6321	4439
C40—Memo dated September 7, 1955 from A. A. Balestrino to C. C. Chafee re Competition—Cincinnati, Ohio	6323	4440
C41—Memo dated September 10, 1954 from R. L. Hopf to C. L. Chafee re Competition—Direct Connect to Fire Tower	6324	4442
Agreement between the City of Cincinnati and Spurling granting direct connect permission, dated August 6, 1954	6325	4443
C42—Memo dated September 17, 1953 from E. J. Heisley to A. W. Sullivan, re Auxiliary & Direct Connect Competition, Charleston, South Carolina	6326	4445
C49—Memo dated March 4, 1960 from D. R. Hall to R. T. Warner, re GMC, New Departure Division, Bristol, Connecticut	6328	4448

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
Defendant ADT's Exhibits—Continued		
C53—Memo dated May 6, 1958 from R. G. Dodd to L. M. DeSchane re: Mid-West Conveyor Company, Inc., Kansas City, Kans.	6329	4449
C55—Memo dated April 4, 1958 from R. G. Dodd to L. M. DeSchane	6331	4451
C59—Memo dated March 14, 1957 from L. M. DeSchane to L. J. O'Brien re: Competition—Omaha and Lincoln, Nebraska	6332	4452
C60—Memo dated February 11, 1957 from H. E. Elster to D. H. Barnett re: Competition—Omaha, Notifier and Dictograph Corp.	6333	4453
C61—Memo dated January 9, 1957 from Ray Brechbill to E. Turnbull captioned Competition—Oshkosh, Wisconsin	6336	4456
C66—Memo dated May 27, 1955 from "E.O.B." to L. J. O'Brien captioned Banks, Direct Connect Privilege	6337	4457
C67—Memo dated May 23, 1955 from "District Operating Superintendent" to J. B. Rustic captioned B. A. System By Diebold, Inc., Canton, Ohio	6338	4458
—Newspaper clipping describing the ultrasonic device used by Diebold in local and direct connect vault alarm service	6339	4459
C76—Memo dated August 13, 1954 from R. L. Beckwith to D. R. Hall	6340	4460
C81—Memo dated November 11, 1953 from L. J. O'Brien to E. P. Hagan re Competition—Diebold, Police Headquarters, Milwaukee, Wisconsin	6341	4461
C87—Memo dated January 5, 1952 from M. E. Hubert to Mr. Dooley, Re: First National Bank, Omaha, Nebraska	6343	4463
C89—Memo dated January 13, 1958 from R. A. Bewes to R. T. Warner, Re: State of New York Executive Department, Division of Military and Naval Affairs, Albany, N.Y.	6344	4464
C91—Memo dated June 27, 1962 from W. K. Francis to Ray Brechbill, Re: Golden Gateway, Redevelopment Project, San Francisco, California	6346	4466
C97—Memo dated February 27, 1957 from D. R. Hall to L. J. O'Brien, Re: Proprietary Systems, GMC, Chevrolet Division, Ford Motor Company, Chrysler Motors Corporation	6347	4467

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
Defendant ADT's Exhibits—Continued		
D1—Memo dated August 19, 1952 from Commercial Superintendent to A. E. Smith re Aero Competition—Boston, Mass.	6349	4469
D11—Memo dated December 7, 1962 from W. A. Clark to W. C. Marin re The John Shillito Co., Cincinnati, Ohio	6350	4471
D15—Memo dated August 1, 1961 from F. J. Concannon to L. J. O'Brien captioned Julius Kessler Distilling Company, Calvert Distilling Company, Jeffersonville, Indiana (Louisville)	6352	4472
D18-1—Memo dated February 2, 1961 from R. L. Beckwith to J. K. Swanson re: Jacobsen's, Jackson, Michigan	6354	4474
D18-2—Memo dated December 26, 1960 from Ray Brechbill to L. J. O'Brien re: American Hard Rubber Company, Akron, Ohio	6356	4476
D20—Memo dated August 31, 1960 from L. J. O'Brien to District Sales Managers and Representatives, captioned Competition—Minneapolis-Honeywell	6357	4477
D21—Memo dated January 20, 1959 from M. H. A. Lindsay to J. A. MacDonald captioned Minneapolis-Honeywell Regulator Co., Minneapolis, Minnesota	6359	4479
D22—Memo dated August 16, 1960 from N. R. Brady to J. B. Bodley re Travelers Broadcast House, Hartford, Conn.	6361	4482
D24—Memo dated July 8, 1960 from J. B. Bodley to all ADT executive officers, re "Competition—Minneapolis-Honeywell Company"	6362	4484
D26—Memo dated April 29, 1960 from A. S. Jacks to H. B. Schultz re Tri-County Shopping Center—Shillito's, Federated Department Store	6364	4486
D27—Memo dated February 3, 1960 from M. H. A. Lindsay to J. A. MacDonald re Minneapolis Honeywell Regulator Company and Competition in general	6365	4487
D28—Competition Report—November 20, 1962—West Orange, New Jersey. Job lost to Kidde Atmo	6368	4491
D30—Memo dated August 9, 1961 from M. H. A. Lindsay to L. J. O'Brien re New CIA Headquarters, Washington, D. C. area	6369	4493
D32—Memo dated June 13, 1960 from A. Gaston to L. J. O'Brien re L. Bamberger & Company, Newark, New Jersey	6370	4494

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
DEFENDANT ADT'S EXHIBITS—Continued		
D33—Memo dated January 26, 1960 from F. D. Shadell to W. J. Doyle re Competition	6371	4495
D36—Memo dated January 31, 1956 from J. R. Hough to E. O. Betscher re Spurling and Kidde, Miami, Florida	6373	4497
D40—Memo dated January 14, 1954 from A. W. Sullivan to A. E. Smith captioned Atmo Competition	6375	4498
D41—Memo dated April 2, 1953 from "General Superintendent" to R. M. Pineo captioned Atmo Fire Alarm Company, Bridgeport, Conn.	6376	4499
D42—Memo dated May 27, 1953 from R. M. Bugbee to A. E. Smith captioned Atmo Competition—New Haven, Conn.	6377	4500
D45—Memo dated October 22, 1952 from W. J. Doyle to A. E. Smith re: Autcmatic Fire Alarm Competition, State of New Jersey	6378	4501
D46—Memo dated October 14, 1952 from F. H. Langille to W. J. Doyle re: Automatic Fire Alarm Competition, State of New Jersey	6380	4502
D51—Memo dated September 2, 1954 from E. J. Kaiser to King Young re: Competition	6381	4503
D59—Memo dated April 8, 1959 from J. T. Lynch to R. T. Warner re: The New Haven Board and Carton Co., New Haven, Conn.	6382	4504
D62—Memo dated March 12, 1957 from L. B. Straus to L. J. O'Brien re: Marshall Field & Co., Park Forest, Illinois	6384	4506
D75-B—Underwriters' Laboratories, Inc. Accredited Central Stations by date of approval since 1945	6385	4507
D75-E—Manual of Burglary Insurance (excerpts)	6387	4509

Exhibit Volume VIII

D89—Memo dated July 28, 1960 from Ray Brechbill to R. J. Highstone re: Highland Park Police Department, Highland Park, Illinois	6391	4523
D92—Memo dated January 5, 1960 from R. P. Lucy to W. K. Francis re: Bemis Bag Co., Newark, California	6392	4524
D93—Memo dated October 5, 1954 from L. J. O'Brien to A. E. Smith re: Direct Connected Competition—Diebold Company and Gamewell Co., Sioux City, Iowa	6393	4525

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
DEFENDANT ADT'S EXHIBITS—Continued		
D97—Memo dated June 30, 1955 from C. L. Chafee to A. E. Smith re: Competition—Cincinnati, Ohio	6395	4526
E1—Sprinkler Supervisory Coordinating Instructions No. 3, dated November 24, 1953 from C. S. Hammergren to All ADT Subsidiaries	6396	4528
E3—Letter from W. J. Dahl to A. W. Sullivan dated February 11, 1959, captioned Competition—Tacoma, Washington	6398	4530
E4—Letter from S. H. Filipkowski to W. B. Flammer, dated August 6, 1956, captioned ADT Competition, Birmingham, Alabama	6400	4532
E6—Memorandum from the Service Superintendent of ADT, Detroit, Michigan to Mr. Swanson, District Manager, dated October 10, 1960, captioned Competition—Detroit, Michigan	6401	4533
E7—Memorandum from W. K. Francis to L. J. O'Brien, entitled Competition, San Francisco, California	6402	4534
E8—Memorandum from R. T. Warner to L. J. O'Brien, dated April 6, 1960, captioned Competition	6405	4538
E9—Memorandum from E. J. Heisley to L. J. O'Brien captioned Competition—Washington, D. C., dated April 15, 1960	6407	4541
E10—Memorandum from A. S. Jacks to L. J. O'Brien dated April 25, 1960, captioned Competition—Cleveland District	6410	4543
E-13—Letter from C. L. Chafee to L. J. O'Brien, dated June 7, 1957, captioned Competition—Radar Eye Corporation	6412	4547
E14—Memorandum from C. L. Chafee to L. J. O'Brien, dated May 13, 1957 captioned Competition—Cleveland, Ohio	6413	4548
E15—Memorandum from E. J. Heisley to L. J. O'Brien, dated April 17, 1957, captioned Competition Radar-Eye	6414	4549
E16—Memorandum from R. T. Warner to L. J. O'Brien, dated March 8, 1957, captioned Competition—Radar-Eye	6415	4550
E18—Memorandum from E. J. Heisley to L. J. O'Brien, dated March 6, 1957, captioned Competition—Radar-Eye	6416	4551
E19—Photostatic copy of an advertisement for the Radar-Eye Protection System as published in the Buffalo Carrier Express Newspaper, February 11, 1958	6417	4553

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
DEFENDANT ADT'S EXHIBITS—Continued		
E22—Memorandum from A. L. Kauffman to W. W. Dooley, dated August 12, 1954, captioned Competition—Denver, Colo.	6418	4555
E28—Memorandum from W. E. Mauroschadt to E. J. Heisley, dated December 18, 1956, captioned Competition, First Camden National Bank, Camden, New Jersey	6419	4556
E-32—Memorandum from D. R. Hall to L. J. O'Brien, dated March 21, 1956, captioned Competition—Diebold Bank Alarms	6420	4557
E-36—Memorandum from C. K. Empringham to Mr. John Stephens, dated August 30, 1955	6421	4558
E48—Memorandum from Lynne Stora to E. B. White, dated August 9, 1954, captioned Continental Can Company, Sacramento, California	6422	4559
E52—Letter from the President of ADT to the President of Holmes Electric Protective Company, dated March 27, 1947	6424	4561
E53—Letter from H. C. Ward, President, Holmes Electric Protective Company to E. A. Ward, President, ADT, dated March 26, 1947	6425	4561
E55—Memorandum from E. Turnbull to L. J. O'Brien, dated November 27, 1956, captioned "Certificate—Holdup Alarm, Minneapolis District"	6426	4562
E56—Memorandum from M. H. A. Lindsay to J. A. MacDonald, dated January 20, 1959, captioned Southdale Shopping Center, Minneapolis, Minnesota	6427	4563
E57—Memorandum from L. H. Pryor to E. Turnbull, dated June 20, 1956, captioned Electro-Watchman, Inc.	6430	4566
E58—Memorandum from L. H. Pryor to E. Turnbull, dated May 29, 1956, captioned Electro-Watchman, Inc., St. Paul, Minnesota	6432	4569
E60—Memorandum from D. R. Hall to L. J. O'Brien, dated September 2, 1958, captioned McConnell Kerr Company, Detroit, Michigan	6434	4571
E61—Contract competition report form 701 involving a prospect in Grand Rapids, Michigan	6435	4573
E69—Memorandum from R. T. Warner to L. J. O'Brien, dated April 12, 1957, captioned Competition—The Federal Burglar Alarm Company, Boston, Massachusetts	6436	4575
E70—Memorandum from R. T. Warner to L. J. O'Brien, dated January 8, 1958	6437	4575

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
DEFENDANT ADT'S EXHIBITS—Continued		
E71—Memorandum from R. T. Warner to L. J. O'Brien, dated September 12, 1956, captioned Kennedy's Inc.	6438	4577
E72—Memorandum from N. R. Brady to R. T. Warner, dated July 25, 1956	6439	4578
E82—Memorandum from E. J. Pucci to W. Hable, dated January 18, 1963, captioned Legislation—Laws and Ordinances Passed by City Councils and State Legislatures in the Minneapolis District—Davenport—Moline	6440	4579
—Attachments—Newspaper clippings	6441	4579
E84—Memorandum from E. Turnbull to L. J. O'Brien, dated July 27, 1960, captioned Competition—Cedar Rapids, Iowa	6445	4581
E86—Memorandum from D. R. Hall to L. J. O'Brien, dated September 2, 1958, captioned The Columbia-Western Corporation, South Bend, Ind.	6447	4583
E89-1—Letter from C. A. Wiborg, Lumbermen's Mutual Casualty Company to the Holmes Electric Protective Company, dated January 30, 1956, captioned Stewart Warner, Inc.	6448	4584
E-89-2—Letter from E. J. Heisley to A. E. Smith, dated December 7, 1954, captioned Police Department Competition, Atlanta, Georgia	6449	4585
F16—Memorandum from the Secretary of ADT to J. A. MacDonald, dated June 24, 1953, captioned The Citizens & Southern National Bank, Atlanta, Georgia	6451	4589
F20—Memorandum from W. J. Dahl to Ray Brechbill, dated March 5, 1964, captioned Public Relations, Fire Department, Salt Lake City, Utah	6458	4597
F42—Memorandum from J. J. Hayden to J. K. Scott, dated September 23, 1963, captioned Southern Burglar Alarm Co., Atlanta, Georgia	6463	4603
F43—Memorandum from P. K. Labadie to W. C. Martin, dated April 23, 1964, captioned Competition	6464	4604

Record from the United States District Court for the District of Rhode Island—Continued

DEFENDANT HOLMES ELECTRIC PROTECTIVE COMPANY'S EXHIBITS

	Original	Print
H4—Pamphlet of the Autocall-Howe Plant Protection Systems	6466	4605
H5—Letter from C. K. Empringham to Howard Stores, Inc., Brooklyn, N.Y., dated August 31, 1959	6475	4615
H11—Report by J. G. Healey, Superintendent of Shops and Supplies, on the Local Alarm Conference, held November 4, 1960 in the President's Office, dated November 4, 1960 (excerpts)	6478	4617
H16—Leaflet called "Protective Bulletin" issued by the Insurance and Protective Department, American Bankers Association, for March, 1960	6483	4619
H18-1—Letter from H. C. Ward to P. R. Webb dated April 16, 1952	6485	4622
H18-2—Memorandum from V. Wierman, Diebold, Inc., August 6, 1955	6488	4627
H-23—Competition report of Holmes, dated June 9, 1961, Pittsburgh, Pa. for the protection account of the Keystone Iron & Metal Company	6490	4629
H-26—Holmes Business Form No. 640 states that Holmes was bidding against a local alarm company for the protection account of Citra Trading Corp.	6491	4630
H-30-1—Competition Report of the Holmes Electric Protective Company, dated January 3, 1963 in Philadelphia for the protection account of the Strait Advertising Company, Incorporated	6492	4631
H30-2—Letter from T. L. Weber to Bruce D. Crockett, dated August 7, 1962, captioned Competitive Activity	6493	4633

DEFENDANTS' EXHIBITS (Depositions)

W2a—Excerpts of deposition testimony of Joseph E. Cunningham, A. P. F. Company	6494	4634
W4a—Excerpts of deposition testimony of M. I. Brod, Accurate Burglar Alarm Service	6523	4646
W5a—Excerpts of deposition testimony of Gerson Zimmerman, Ace of Spades Burglar Alarm Company	6537	4649
—Exhibits and handwritten corrections	6648	4700
W6a—Excerpts of deposition testimony of Thomas J. Smith, Alarm Engineering Company, Inc.	6660a	4708
—Exhibits A thru E	6660xxx	4754
W7a—Excerpts of deposition testimony of John W. Callaghan, Alarm Systems, Inc.	6660ccc	4765
W8a—Excerpts of deposition testimony of Joseph Siegel, Alert Alarm Company	6662	4788

	Original	Print
Record from the United States District Court for the District of Rhode Island—Continued		
DEFENDANTS' EXHIBITS (Depositions)—Continued		
W9a—Excerpts of deposition testimony of George J. Kusta, Arrow Electric Protection Company	6713	4807
W10a—Excerpts of deposition testimony of Eric David, Tattle-Tale Alarms	6813	4843
W11a—Excerpts of deposition testimony of Roy Van Wagner, Autocall Company	6861	4861
—Affidavit of Roy Van Wagner, dated August 7, 1963	6905	4880
W12a—Excerpts of deposition testimony of Frank W. Houghton, Automatic Alarms	6907	4881
—Exhibits 7, 8, 13 and 14	7006	4921
W13a—Excerpts of deposition testimony of Everett A. Westphal, Bay Alarm Company	7012	4925
W14a—Excerpts of deposition testimony of Morton Baizer, Bell Burglar Alarms and Eagle Protective Company	7073	4951
W16a—Excerpts of deposition testimony of Joseph G. Wilson, Central Burglar Alarm Service and Surety Alarm Company	7166	4987
—Exhibits 1 & 2	7255	5026
W17a—Excerpts of deposition testimony of Arthur A. Schwartz, Certified Burglar Alarm Systems, Inc.	7261	5039
W18a—Excerpts of deposition testimony of Clarence W. Novak, Chicago Mercantile Police Alarm Systems	7437	5115
W19a—Excerpts of deposition testimony of James H. Coffey, Circle Alarm Corporation	7455a	5122
W21a—Excerpts of deposition testimony of Kenneth M. Holmes, Dallas Burglar Alarm Company	7458	5152
W22a—Excerpts of deposition testimony of Claude L. Carpenter, Dawn Patrol Burglar Alarm Company	7490	5166
—Exhibits 2 and 4	7565	5192
W23a—Excerpts of deposition testimony of Grant Richard Hamilton, Day & Night Burglar Alarm Company	7570	5196
Exhibit Volume IX		
W24a—Excerpts of deposition testimony of Alfred Wayne Jackson, Diebold, Incorporated	7626	5215
W25a—Excerpts of deposition testimony of R. Stafford Edwards, Edwards Company	7742	5255
W26a—Excerpts of deposition testimony of Lyle A. Vadnais, Electro Watchman, Inc.	7784	5281

Record from the United States District Court for the District of Rhode Island—Continued

	Original	Print
DEFENDANTS' EXHIBITS (Depositions)—Continued		
W27a—Excerpts of deposition testimony of Gerald R. DeLue, Frontier Guard and DeLue, Inc.	7845	5308
W28a—Excerpts of deposition testimony of Arthur William Fruh, A. W. Fruh & Company	7916	5344
W29a—Excerpts of deposition testimony of Harry Gerber, Gerber & Company	7935	5354
W30a—Excerpts of deposition testimony of Loys C. Bridges, Greenville Avenue Patrol	7998	5378
W31a—Excerpts of deposition testimony of Milton Pierce, Guardian Alarm Company	8035	5395
W32a—Excerpts of deposition testimony of Julian C. Cohn, Robert Hall Clothes, Inc.	8097	5418
W33a—Excerpts of deposition testimony of Kenneth V. McCluskey, Howard Stores Corporation	8113	5423
W34a—Excerpts of deposition testimony of John S. Nacey, Howe Electric Company	8128	5429
W36a—Excerpts of deposition testimony of John H. Trout, International Business Machines Corporation	8219	5459
W37a—Excerpts of deposition testimony of Gordon Dillard, Magnetic Alarm Inc.	8244	5469
W38a—Excerpts of deposition testimony of Clarence Irvin Baker, Merchants Alarm Service	8314	5491
W39a—Excerpts of deposition testimony of Russell W. Laxson, Minneapolis Honeywell Regulator Company	8399	5530
W40a—Excerpts of deposition testimony of William Baggett, Mossie Burglar Alarm Company and Mossie Electric Protection Company	8438a	5554
W41a—Excerpts of deposition testimony of Oliver Tyrrell Joy, Notifier Corporation	8438ppp	5584
—Exhibit A	8438jjjjjj	5627
W42a—Excerpts of deposition testimony of Michael Singel, Security Alarm	8440	5631
W43a—Excerpts of deposition testimony of Mary B. Nordsiek, Nordsiek Protection Service	8474	5647
W44a—Excerpts of deposition testimony of Morris J. Amsrud, Suburban Patrol Service Corporation	8491	5652
W45a—Excerpts of deposition testimony of Robert E. Leeper, United States Burglar Alarm Company, Incorporated	8501	5656
W46a—Excerpts of deposition testimony of Victor R. Zahn, Victor Burglar Alarm Company	8569	5684
W47a—Excerpts of deposition testimony of Henry A. Walters, WECO and Ace Alarm Company	8648	5722

[fol. 2882] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 261

September 1, 1955.

Mr. L. J. O'Brien
General Manager of Sales Production

Procter & Gamble Company Cincinnati, Ohio,
Cleveland District National Accounts

Attached is the list which we discussed yesterday showing the contracts which we now hold with Procter & Gamble. These contracts total 26 and make a rather impressive list, but actually as our National Accounts stand at the moment, this one is not particularly large. Our records show that we have approximately 166 New York and 72 District National Accounts, for a total of 238. Somewhere between 50 and 60 of this total pay us each in excess of $20,000.00 annually. Under the $20,000.00 figure, there are numerous accounts in the general neighborhood of 10 to $15,000.00. Therefore, Procter & Gamble is one of a very large number who pay us a modest amount per year. Actually we have scores of city accounts, such as large department stores, where one company in one city pays us in the neighborhood of $10,000.00 a year.

To the best of my knowledge, we have not given any national user a special blanket discount for a great number of years, since the time when Gimbels, Lever Brothers, and possibly one or two others had a special discount as a national user. In years past, Mr. Schultz worked very hard to eliminate all of these special discount arrangements.

In the case of our present difficulties with Procter & Gamble, I would strongly disfavor any approach toward a special blanket discount. Considering the locations where Proctor & Gamble now uses ADT, outside of the City of Cincinnati, I think that effective central station competition would exist only in St. Louis, Chicago, Dallas, and possibly Long Beach, California. In these four cities, the present annual service charge is $5,501.00. In Cincinnati, the ANSC equals $5,871.50, and in the remaining cities, the ANSC equals $7,977.68. Unless there is some very vital

factor regarding this consideration with which I am not [fol. 2883] familiar, I would pursue the following plan in handling this account:

1. I would not renegotiate existing contracts where service is installed and operating and where contracts have not expired, and which do not contain clauses permitting the subscriber to cancel or renegotiate.
2. I would not offer any blanket concession.
3. I would negotiate each contract on its merits, and consider price concessions only as a local factor where cut-throat competition forces such action.

I believe a plan generally as outlined above is the only course we can take until such time as there might be established prices for these tough competitive towns which are competitive and realistic and such that we can adhere to without any variation. This would make our sales problem much easier, and provide us a formula we could stick to, win or lose. It involves much thought and planning and possibly we are not quite ready for such a policy.

There is no reason, I think, why we could not explain to Procter & Gamble that we plan to use our standard prices with them the same as we do with other national users, but where individual, cut-throat competitive conditions obtain, we will consider price concessions in negotiating a new contract or renewal.

Since Mr. Schultz has been involved in this deal and I believe might have had some discussion with Procter & Gamble officials, you might wish to have him handle this problem personally. If this is not possible, a matter of this importance should have the personnal attention of Mr. Chafee.

Ray Brechbill, Manager, Field Service Division.

RB/ro

Att.

[fol. 2884] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 264

DALLAS, TEXAS

December 12, 1956.

Mr. F. J. Concannon
Executive Accounts Representative

Franklin's, 11200 Garland Road, Dallas, Texas

Above firm has leased a new building of 3,500 sq. ft. where they plan on opening a new branch ladies' ready to wear store.

The local manager, Mr. Schiener, has referred me to Mr. M. B. Lane, 330 W. 31st Street, New York City for plans on this new store.

The present downtown Franklin store presently has a Smith Detective Agency Central Station Burglar Alarm. The new location will no doubt be competitive. Our competitive prices are approximately 70% of our ANSC and nothing to 30% of our ADSC.

Wire costs to this store would be $54.00 circuit.

This location is 12 miles from our Central Station and would involve 25 minutes running time.

Anything you can do would be most helpful.

James D. Patton, Sales Representative.

JDP:fh

CC: Mr. J. K. Scott.

[fol. 2885] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 265

NEW YORK, N.Y.

June 29, 1956.

Memorandum for File:

Renewal Agreement, R.K.O. Pictures,
Los Angeles, California

Mr. Kupper called long distance today at 3 P.M. from Los Angeles after discussing with Mr. Al Berry of R.K.O. our renewal contracts for both locations of R.K.O. Pictures in Los Angeles. Mr. Kupper said that Mr. Berry had advised him that the R.K.O. Management would agree to continue A.D.T. service on a renewal contract for a term of ten years, at $12,000 per year. They insisted on immediate acceptance; otherwise, they would sign the Morse Company contracts which were in their hands, and had been approved by their attorney.

I discussed this matter with Mr. MacDonald, in the absence of Mr. Gaston, and it was decided that if this was the best deal possible we would take it in order to keep Morse out of the motion picture studio business. It was felt that reducing our price from their present payment of $14,000 a year to $12,000 a year could be defended on the basis of a blanket contract.

If the Morse people got R.K.O. studios, one of the majors, they would have their foot in the door, so to speak, and would have a weapon to use in soliciting other studios. It seems the lesser of two evils and, in my judgment, was the proper action to take under the circumstances. Mr. MacDonald agreed with this thinking on the subject.

I again talked with Mr. Kupper at 4 P.M., and he reaffirmed the R.K.O. decision, and the necessity of taking action today. I told him the decision of Mr. MacDonald and myself, and told him to go ahead and make the best deal possible at $12,000 a year, but to try for a five year contract, if possible. He said that Mr. Berry had been very helpful, and on our side of the picture, but since the insurance interests had given equal recognition to both

companies, and while Morse proposal of $9,000 a year and advance of $10,000 seemed low, that they had assured R.K.O. people they would do a satisfactory job. I suspect they could do it fairly reasonable because the conduit and wire are already in, and most of this is studio property. It would also be very difficult to remove any of the wire and conduit.

Vice President, [A. E. Smith], Stipulation No. 1.

AES:AS

[fol. 2886] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 266

BOSTON, MASS.

June 25, 1959.

Mr. L. J. O'Brien
General Sales Manager

The Van Heusen Charles Co., 470 Broadway,
Albany 7, New York

In reply to your letter dated June 22nd on the above subject, the following information is submitted for your use and guidance.

As a matter of record, this subscriber bluntly refused to sign any contract since 1955. He constantly threatened discontinuance on each approach we made for renewal and it was only when we had the advantage of the need of expenditure, as based on the Plant estimate amounting to $284.38 to replace the existing two-wire phonetalarm equipment with our standard #1020 devices, that enabled us to force the issue with the subscriber.

We are not at all pleased with the conditions surrounding this particular incident but in view of the rather sizeable revenue that our competitor would be most anxious to get, we felt it wise and proper to lock this particular one away from further approaches by the competition.

The premises are situated in downtown Albany, almost

directly in back of our central station location and there are several Albany Protective Systems in and around this area.

R. T. Warner, District Sales Manager.

RTW:y

[fol. 2887] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 267

PHILADELPHIA, PENNSYLVANIA

December 12, 1961.

Mr. Frank Concannon,
Executive Accounts Division,
New York 13, New York.

Re: American Sugar Refining Company, Franklin Sugar Refinery, Delaware Avenue & Reed Street, Philadelphia, Pennsylvania.

Attached hereto for your handling are copies of renewal contract forms for the continuation of the existing NWFA, MFA Gong System at the above plant location.

The attached contracts reflect the present ASC now in effect for 2 NWFA, 29 MFA, 1 universal recorder, 1 relay, and 1 bell which are located in the guard headquarters and all are connected to 4 electric horns located in various sections of the premises that enable employees to strike out audible signals on the horns from the universal transmitter. The horns involved are of a special type approved by the Subscriber when installed.

On the reverse side of the contract, we have changed the status of 9 NWFA to MFA classification since the guards now only signal on 2 NWFA boxes. In April of 1957, when 8 MFA were changed to NWFA classification, no charge was made for signals received on these boxes.

The Automatic Fire Alarm Company recently submitted and received renewal SSWF contracts for this location at the same rate presently in effect. In a discussion with Automatic Fire Alarm Company, it is suggested that we

not increase the rate. However, it is not expected that we should offer a reduced rate unless necessary.

[fol. 2888] Our competitor would come in with free installation and a 20% reduction in rate in his proposal. However, this is a large plant which would be a sizable installation if a change was made.

Should you desire any further information, please advise.

Harry E. May, Special Representative.

HEM:pah

Enclosure

cc: W. J. Robinson.

[fol. 2889] In the United States District Court

Government Exhibit No. 268

Dayton Electronics Alarm and Signals
530 West Second Street
Dayton 2, Ohio
Baldwin 4-5616

Alarm Engineering Services

This Agreement, executed in duplicate, by and between Dayton Electronics Alarm & Signal, Inc., hereinafter referred to as the Contractor and *Pepsi-Cola Bottling Co.*, hereinafter referred to as the subscriber:

Witnesseth: That for the consideration hereinafter mentioned, the Contractor agrees to perform engineering services relating to the property of the Subscriber at *526 Keowee Street, Dayton 4, Ohio.*

Subscriber agrees to pay to Contractor, its successors or assigns, the sum of Fifty (50) percent of the resulting savings from their present bids or contracts for Alarm Services or the next proposed contracts, which ever is the greater, or to award the contracts for the above services to Dayton Electronics Alarm & Signal, Inc.

This agreement shall remain in full force and effect as to each System of the Subscriber for a period of five years from the date of the signing of this contract.

Dated —, 1961.

Pepsi-Cola Bottling Company, Subscriber, By ——, ——.

Dayton Electronics Alarm & Signal, Inc., Emerson M. Booher, Gen. Mgr.

Member of National Burglar and Fire Alarm Association, Inc., Incorporated.

Burglar, Fire and Hold-Up Alarms—Watchman's Reporting Stations—Sprinkler Supervisory and Waterflow Alarms.

[fol. 2890] DAYTON ELECTRONICS ALARM AND SIGNALS
530 West Second Street
Dayton 2, Ohio
BAldwin 4-5616

Alarm Engineering Services

This Agreement, executed in duplicate, by and between Dayton Electronics Alarm & Signal, Inc., hereinafter referred to as the Contractor and *Springfield Greene Industries Inc.*, and hereinafter referred to as the Subscriber:

Witnesseth: That for the consideration hereinafter mentioned, the Contractor agrees to perform engineering services relating to the property of the Subscriber, at *70 West Columbia Street, Springfield, Ohio.*

Subscriber agrees to pay to Contractor, its successor or assigns, the sum of Fifty (50) percent of the resulting savings from their present bids or contracts for Alarm Services or the next proposed contracts, which ever is the greater, or to award the contracts for the above services to Dayton Electronics Alarm & Signal, Inc.

This agreement shall remain in full force and effect as to each System of the Subscriber for a period of five years from the date of the signing of this contract.

Dated —, 1961.

——, ——, Subscriber, By ——, ——.

Dayton Electronics Alarm & Signal, Inc., Russel J. Rogers, Supt.

Approved: E. M. Booher, Gen. Mgr.

[fols. 2891-2896] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 269

PHILADELPHIA, PENNSYLVANIA

January 18, 1960.

Received Jan. 19, 1960, Executive Accounts Department.

Mr. F. J. Concannon,
Executive Accts. Representative,
New York 13, New York.

Attached hereto is a list of contract locations furnished this office by Mr. J. B. Bodley where we have existing services with City Stores, Speciality Division.

As you know we have been in discussion with the officials of this organization who are securing a discount for volume business at all store locations and in order to present a clear picture of our actual present day costs, we are asking that your office furnish us as soon as possible contract information relative to the locations attached listing the number of units of service involved, ASC and the expiration date of the present contract. We will then compile the standard ASC involved should the contract be renewed today and thus be able to inform subscriber's headquarters the actual percentage our contract is deficit at today's standard rates.

Your early reply will be appreciated.

Harry E. May, Special Representative.

HEM:jw

att:

cc: Mr. E. J. Heisley

[fol. 2897] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 270

PHILADELPHIA, PENNSYLVANIA

January 5, 1962.

For file.
Mr. Fred Shadoll
Sales Representative
Trenton, New Jersey

Re: Swern & Company—Lit Brothers, Trenton

Attached hereto for routine processing are copies of renewal contract forms to become effective 2/1/62 with a reduced rate of 25% based on an agreement between the late Mr. J. B. Bodley, our Office and City Stores Headquarters in New York of which this operation is a division.

In 1960, when we were attempting to secure our renewal contracts in this area, because of the competitive condition existing at the time and the possibility of losing contracts at several locations, it was agreed that upon expiration of the present contract in effect, a new contract would be issued reflecting a reduction of 25% in the existing charges. This arrangement will also prevail at the Morrisville location when it is subject to renewal.

Please mark your forms 400 to show this is a Washington District National Account, H. E. May for the override, and arrange to return two approved copies of this agreement to this office for transmittal to the Subscriber's headquarters.

Harry E. May, Special Representative.

HEM:pah

Enclosures

cc: W. J. Doyle, W. J. Robinson.

[fol. 2898] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 271

WASHINGTON, D.C.

January 19, 1960.

Confidential
Mr. L. J. O'Brien
General Sales Manager

City Stores, Inc., Philadelphia, Pa.

On Friday, January 15, Mr. L. W. Thomason of the AFA Company, Special Representative Harry May and the writer met in Philadelphia with Mr. Chester J. Cincotta, President of Bankers Realty Corporation (Realestate Holding Company for City Stores properties) and member of the Board of Directors of City Stores, Inc. Mr. Amsterdam, Chairman of the Board of Directors of City Stores had agreed to meet with us but was unexpectedly called to New York and asked Mr. Cincotta to handle the ADT problem. He wants a 25% reduction nation-wide.

As you know we had previously agreed to reduce our annual service charge on the Lit Brothers properties in the Philadelphia area by 25% in order to meet a competitive threat by the Robinson Company. In addition to offering service at no installation charge and 25% less than the rate presently being paid to ADT, Robinson had offered to add to the contract a personal $100,000 guarantee covering any loss which might be sustained by Lit Brothers as result of any failure by Robinson to deliver service. This guarantee relates not only to liability in the event of equipment failure but also to indemnification for the cost of re-establishing central station protection service in the event that Robinson should go out of business during the term of agreement.

Obviously Robinson is using every possible element of influence and persuasion to secure the City Stores account. There is a continuing relationship between the Albert M. Greenfield Real Estate interests in Philadelphia and the Robinsons. Greenfield owns City Stores. For example, I observed in the Philadelphia paper last Friday an announcement regarding the sale of a $210,000 property at 11th and

Chestnut Streets by Albert M. Greenfield Company for Henry B. Robinson.

[fol. 2899] Prior to our meeting on Friday Mr. Thomason and Mr. May had done their best to convince Mr. Cincotta that the Robinson Company was simply not in a position to render satisfactory protection service. We spent some time on Friday in an effort to further convince Mr. Cincotta regarding the superiority of ADT-AFA service and endeavored to focus his thinking on the fact that we should above all things concern ourselves with the value of loss prevention. Mr. Cincotta's statement at the end of this phase of our discussion was that he was still convinced that Robinson could and would render satisfactory service; otherwise Robinson would not have have held out a $100,000 personal guarantee.

I had in the past negotiated with City Stores officials in Miami, Birmingham, Montgomery, Bessemer, Memphis, Louisville, and Washington and was in a position to point in a very accurate and factual way to the substantial reduction in operating costs in these locations when central station automatic protection service was introduced. I told Mr. Cincotta that we were the only company in a position to offer this service in all of these cities excepting the city of Washington and told him further that in no instance had we taken advantage of our non-competitive situation in these cities. Also I told him of being questioned by City Stores officials in Birmingham about the fact that we had contracted for service in Washington at a lower competitive rate. My approach in Birmingham was to ask them what they would do if a discount house opened in Montgomery or Bessemer and made serious inroads into their business. They said that they would meet the competition realistically and this gave me the opportunity to ask the question as to whether they would also reduce their prices in Birmingham where no special competitive problem existed. The answer was obviously no and that seemed to settle the problem.

Following this Birmingham story I stated that we could not consider reducing our charges outside of the Philadelphia area. Mr. Cincotta said that he understood our position and would take our reply back to Mr. Amsterdam and the Board of Directors of City Stores. He gave no in-

dication however of any intention on his part to recommend renewing the Lit Brothers contracts on the basis of our offer to meet Robinson's rate. It is my opinion and the opinion of Mr. Thomason that at this point we had made no real progress.

It was my conviction that our only hope then lay in taking the offensive. I advise Mr. Cincotta that as City Stores contracts expire in locations outside of Philadelphia we would be presenting renewal contracts at an increase of approximately 25% and that we wished this understood now so that there might be no doubt with regard to there [fol. 2900] being any relationship between the 25% reduction at Philadelphia and the 25% increase elsewhere. Then I stated that if we were favorably considered at Philadelphia we might be willing to entertain some such concession as a graduated increase at other locations rather than an immediate increase of 25% upon expiration of individual contracts. This was further qualified however by the statement that each renewal negotiation would have to be treated as an individual case and that we were not proposing to make any blanket commitments.

This seemed to have definite effect upon Mr. Cincotta and he asked if we could arrange to review with him the entire renewal program at an early date. We agreed to obtain current contract data from accounting centers and to present to him a complete picture of the renewal problem.

We are still in my opinion in serious danger of losing the Lit Brothers account to Robinson. I have therefore decided to make a personal appeal to my friend Mr. Gordon Greenfield who is President of City Stores Specialty Division and Vice Chairman of the Board of Directors of City Stores, Inc. How much good this will do I am unable to say, but Mr. Greenfield appeared friendly and sympathetic during our telephone discussion and readily agreed to have luncheon with me in New York on Wednesday, January 20th. You will hear from me further following my meeting with Mr. Greenfield.

E. J. Heisley, District Sales Manager.

EJR:rb

cc: Harry May

[fol. 2901] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 275

ST. LOUIS, MISSOURI

March 4, 1957.

Airmail

Mr. L. J. O'Brien,
General Sales Manager,
Special Delivery
New York, N. Y.

Ralston Purina Company, Various Locations, U.S.A.

Renewal agreements at three locations in St. Louis, covering SS&WF Service, totalling 111 units, at $6853.00 per annum, were submitted recently to this subscriber. They are now paying a total of $4993.00 per annum for this service. After waiting one week we again called in an attempt to secure signature and was advised they had called in the Potter Company for their rates to replace ADT in all three locations.

These people advised me that they cannot, under any circumstances, understand why it is necessary for our company to up their rates from 35 to 40%, and this led to their decision to find out what our competitor charges for a like service.

We have a pretty good idea what the Potter Company will quote on their annual service charge and in comparison the ADT Company is going to look very bad.

A meeting of the interested parties was held last Thursday and among those attending was Mr. Cushing, Purchasing Agent and Jack McCann, Manager of Fire Protection for their entire system. Nothing definite was decided at this meeting and further meetings will be held this week. However, it was decided they would ascertain what competitors we have in other cities where we now serve Ralston and secure their rates.

We have secured very little new business from this company in the last few years. They have suddenly become very price conscious.

We have lost to Gamewell Company their new plants in

Gainsville, Georgia and Shiremanstown, Pa. We recently quoted them in Sioux City, Iowa and Richmond, Virginia. Neither job has been secured as yet.

[fol. 2902] Our St. Louis records, I do not believe, are complete as to the number of locations we have with this company, but the total annual service charges we are now securing from this company in all locations, including St. Louis, must be in the neighborhood of $35,000.00.

It is absolutely necessary that some decision be made immediately regarding our renewals here in St. Louis and in all other towns in which we have competition.

We are now attempting to schedule another meeting this week with Ralston officials and would certainly appreciate being in a position to submit some plan of renewing all ADT contracts for a period of five years on a basis acceptable to Ralston. In order to satisfy this company and not lose this valued account consideration must be given to those towns where we do not have competition as well as the competitive towns.

/s/ L. N. DeSchane, L. N. DeSchane, District Sales Manager.

[fols. 2903-2904] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT NO. 276

Annual Report for Fiscal Year 1953

AMERICAN DISTRICT TELEGRAPH COMPANY

[fol. 2905] Coincident with the sale of Western Union's holding of ADT stock to Grinnell Corporation on July 28, 1953, the membership of the Board of Directors was changed and decreased as shown on the inside front cover of this report.

Cooperation With Sprinkler-Installing Companies

ADT Companies, after February 18, 1954, no longer share with the Grinnell Corporation any of the proceeds under contracts for new installation of fire protection equipment. At the same time they assumed the obligation

of providing and installing the equipment theretofore furnished and installed by Grinnell.

It is our hope and expectation that sprinkler-installing concerns throughout the country will cooperate with us in [fols. 2906-2911] the installation of fire alarm and supervisory devices on automatic sprinkler systems of their own construction so that our mutual efforts will lead to greater use of automatic sprinkler equipment and sprinkler supervisory service—the most effective combination yet devised for prompt detection and extinguishment of fire.

* * * * * * *

[fol. 2912] Electric Protection Services

Mercantile Burglar Alarm Service
Burglar Alarm Service for Safes and Vaults
Holdup Alarm Service
Intrusion Detection and Alarm Service
Sprinkler Supervisory and Waterflow Alarm Service
Automatic Fire Detection and Alarm Service
Automatic Smoke Detection and Alarm Service
Manual Fire Alarm Service
Watchman's Reporting Service
Automatic Heating and Industrial
Process Supervisory Service

What we do—and how we do it

ADT is the only nationwide organization supplying electric protection services to safeguard life and property against fire, burglary, holdup, and other hazards. We engineer, manufacture, install, operate and maintain the detection, alarm and supervisory systems used in all ADT Services.

ADT Electric Protection Services are divided into four general classifications—

Fire

Various types of detection systems automatically sound the alarm upon a flow of water in a sprinkler system, or upon the outbreak of fire in unsprinklered properties, and send signals which summon fire-fighting forces. Other detection devices installed on sprinkler systems automatically call attention to closed shut-off valves and other conditions

affecting the supply and distribution of water. Manually operated fire alarm boxes enable watchmen, or others to call the fire department, and to alert persons on the premises.

Burglary, Holdup and Intrusion

Electric and electronic devices give immediate warning of attacks by burglars, or of intrusion within restricted outdoor areas. To thwart holdup, concealed signaling devices, manually or automatically operated, promptly notify police or other protective forces.

Watchmen

Watchman signaling stations at the protected premises permit central station operators to maintain a check on watchman and guard patrols. Failure to signal on schedule is investigated. ADT supplies assistance in emergencies.

Special Hazards

Detection devices, installed on heating systems and industrial equipment, give automatic notification of any critical deviation from normal conditions.

[fols. 2913-2914] Central Station Service

Rated by all authorities as the highest type of electric protection service, the central station operation provides minute-by-minute supervision of circuits and various detecting and transmitting devices in the premises of subscribers. Operators and other personnel, on duty continuously, act upon alarm and supervisory signals, and initiate corrective action, including notification of fire and police departments. Guards investigate emergency conditions, and skilled technicians furnish complete maintenance.

Approximately 90% of our revenue is derived from contracts for Central Station Services.

Direct-Connected Service

In cities where ADT Central Station Service is not available, the systems we install in subscribers' premises are connected by direct wires to municipal fire or police departments. This direct-connected service is provided to

properties within approximately sixty miles of a central station, from which inspection and maintenance services are supplied.

Proprietary Systems

Where large properties are remote from both central station and direct-connected service areas, we install central control equipment within the customer's premises, in addition to installing the protective systems. Proprietary systems usually are sold outright, and the owner assumes responsibility for operation and maintenance.

Local Alarm Systems

When occasion demands, we supply standard ADT Systems for operation as local systems, connected to audible and visible signaling devices at the premises.

[fol. 2915] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 277

Controlled Companies Of
AMERICAN DISTRICT TELEGRAPH COMPANY
Executive Offices, 155 Sixth Ave.
New York 13, N. Y.

J. A. MacDonald
Vice President

July 2, 1953.

Mr. Roger T. Clapp, Secretary and Counsel
Grinnell Corporation
275 West Exchange Street
Providence 1, Rhode Island

Dear Mr. Clapp:

As requested, and for use in connection with the closing, attached is a listing of the principal central station and local alarm competitors encountered by the Controlled Companies of American District Telegraph Company (New Jersey).

In the other matter about which we spoke, I am working up an independent listing which I hope to be able to get off to you on Monday.

Yours very truly, [signed] J. A. MacDonald, Vice President.

[fol. 2916] List of Central Station Burglar Alarm Companies Operating in Principal Competition with the Controlled Companies of American District Telegraph Company

Albany Protective Service, Albany, N.Y.—Service in Albany
American Burglar Alarm Co., San Francisco, Calif.—Service in San Francisco
Central Station Signals, Inc., New York, N.Y.—Service in New York
Central Watch Service, Chicago, Ill.—Service in Chicago
*General Alarm Corp., Boston, Mass.—Service in Boston
McCane-Sondock Detective Agency and Burglar Alarm Co., Houston, Texas—Service in Houston
Merchants Police Signal and Alarm Co., Milwaukee, Wisc.—Service in Milwaukee
Morse Signal Devices, Cleveland, Ohio—Service in Cleveland
*Newark District Telegraph Co., Newark, N.J.—Service in Newark
Owl Protective Co., Inc., Philadelphia, Pa.—Service in Philadelphia
*Potter Electric Signal and Mfg. Co., St. Louis, Mo.—Service in St. Louis
Reliance Alarm Co., Detroit, Mich.—Service in Detroit
*Smith Detective Agency and Night Watch Service, Dallas, Texas—Service in Dallas
Denver Burglar Alarm Co., Inc., Denver, Colo.—Service in Denver

All of the foregoing are qualified by the Underwriters' Laboratories to supply approved central station mercantile burglar alarm service. The four companies designated by asterisks are the only one qualified to supply central station bank burglar alarm protection.

The foregoing companies each supply local burglar alarm service in addition to central station burglar alarm service. ADT does not normally undertake to supply local burglar alarm service in the central station cities in which it operates.

[fol. 2917] List of Local Burglar Alarm Companies Operating in Principal Competition with the Controlled Companies of American District Telegraph Company

Albany Protective Service, Albany, N.Y.
American Protective Police Systems Inc., Youngstown, Ohio
Automatic Alarm Co., Inc., Detroit, Mich.
Automatic Alarm Corp., Minneapolis, Minn.
Automatic Alarms, Limited, Los Angleles, Calif.
Automatic Burglar Alarm Systems, Inc., New Haven, Conn.
Bell Burglar Alarm Co., Inc., New York, N.Y. and New Haven, Conn.
Central Station Alarm Co., Dallas, Texas
Certified Burglar Alarm Systems, Inc., Chicago, Ill.
Chicago Mercantile Police Alarm Systems, Chicago, Ill.
Co-Operative Burglary Protection Co., Chicago, Ill.
Damon Alarm Co., Kansas City, Mo.
Dawn Patrol, Detroit, Mich.
Electro Protective Corp., Newark, N.J.
Federal Engineering Co., Inc., Washington, D. C.
Fruh, A., Chicago, Ill.
Guardian Alarm Co. of Michigan, Detroit, Mich.
*McClintock Division, O.B., Diebold Inc., Canton, Ohio
Merchants Fire Dispatch, Los Angeles, Calif.
Merchants Police Signal and Alarm Co., Milwaukee, Wisc.
Miami Burglar Alarm Co., Miami, Fla.
Michigan Burglary Alarm Systems, Detroit, Mich.
Morse Signal Devices, Cleveland, Ohio
Owl Protective Co., Inc., New York, N.Y.
*Padua Holdup Alarm Corp., Cohoes, N.Y.
Southern Burglar Alarm Co., Belton, S.C.
Tampa Signal Co., Tampa, Fla.
Victor Burglar Alarm Co., Clifton, N.J.

All of the foregoing are qualified by the Underwriters' Laboratories to supply approved local mercantile burglar alarm service. The two companies designated by asterisks are the only ones qualified to supply local bank burglar alarm protection.

Within the foregoing cities, with the single exception of Detroit, Mich., ADT Companies do not compete for local alarm business. Local burglar alarm business and central station burglar alarm business fall in entirely different categories. For all practical purposes, it is not considered that these companies offer any serious form of competition.

In the City of Detroit, Mich., ADT supplies local burglar alarm service through its subsidiary The Reliance Alarm Company. At this point ADT operates competitively with the Detroit Companies above listed.

[fol. 2918] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 278

Controlled Companies of
AMERICAN DISTRICT TELEGRAPH COMPANY (N.J.)

General Circular No. 222

New York, April 27, 1955.

Headquarters Officials and Staffs
District Operating Superintendents and Managers
District Plant Superintendents and Foremen
District Sales Managers and Sales Representatives

Direct-Connected Fire and Burglar Alarm Service; Competition

Our Company has built its business and reputation on the principle that fire and burglary detection services supplied through connection to a fully approved central station, where such is available, under the supervision of trained and instantly available personnel, is superior in

performance and results to services of this character directly connected to municipal fire and police departments or other point of remote control.

In cities and towns where central station services are not available, direct connection to municipal fire and police departments is superior to a local system or to no service at all. Under these conditions, ADT has long advocated and sold direct-connected services, but has made it an invariable practice to try and secure inspection and maintenance contracts at such locations, so that there may be continuing supervision over the performance of the system in order that it may at all times serve its intended purpose. In this regard, we follow the recommendations and admonitions of the National Board of Fire Underwriters and Underwriters' Laboratories, Inc., which lay considerable stress on the philosophy that any form of fire or burglary detection equipment is only as good as the maintenance it receives—only as good as the assurance that can reasonably and properly be conveyed that the equipment will be in condition to function as it is supposed to, whenever it is called upon to do so.

As business continues to expand outside the areas within which we are able to supply central station services, we can expect to be faced with more and more local and direct-connected competition. That type of competitive effort we accept, as a proper challenge, and must continue to sell where possible and practical, on the basis of the merits of our own equipment versus that of our competitor and the quality of maintenance and inspection service which supplies the only guarantee of service and which has been our stock in trade for some seventy-five years.

Our competitive files and your own, are filled with details relating to the activities of others who have entered the direct-conected fire and burglar alarm field and who have competed with ADT in the sale of equipment of that type at locations where we have an established central station operation. Ready reference concerning such companies can be obtained from Underwriters' Laboratories, Inc., "Accident, Automotive, and Burglary Protection Equipment Lists," (September, 1954), and Underwriters' Laboratories, Inc., "Fire Protection Equipment List," (January, 1955).

[fol. 2919] The primary task of discovering and meeting this form of competition devolves, primarily, upon the operating manager though, in the very order of things, no member of the sales or plant organization can ever escape a joint responsibility in what constitutes a problem affecting the entire organization. The first outpost in the defense lies in the establishment of a satisfactory relationship between the local manager (and his associates) and municipal fire and police department officials, at all levels supported, of course, by a carefully built up and jealously guarded reputation for the quality and integrity of the services we provide. With this kind of association firmly established, there should be slight chance that any competitor seeking to supply direct-connected fire or burglar alarm services will be able to do so without that fact being brought to our attention and certainly not before we have ample opportunity to point out, in a manner as firm but impartially helpful as circumstances allow, what we consider to be the deficiencies of direct-connected services.

The primary argument against the introduction of direct-connected fire and burglar alarm services in cities where private central station facilities are available lies in the inevitable lack of satisfactory maintenance and inspections of the equipment installed within the subscribers' premises, the necessity for which is stressed by the National Board of Fire Underwriters in publishing standards for the installation, maintenance and use of proprietary, auxiliary and local systems for watchman, fire alarm and supervisory service embraced in NBFU Pamphlet No. 72 (June, 1954). You are referred to the following provisions of that pamphlet:

Page 4, Section 1112, second paragraph
Page 5, Section 2034
Page 25, Sections 4213, 4214, 4217, 4220

All of the points therein brought out are equally applicable to direct-connected fire and burglar alarm services.

Please refer also to the passages marked in red in the attached copies of NBFU Special Interest Bulletins 118, 119, and 261, which clearly imply that organization's recognition of the superiority of central station, compared to direct-connected, services.

In the main, the primary desire of the manufacturer or seller of direct-connected fire or burglar alarm equipment is to reap the profit inuring from the sale thereof. Consideration of the servicing of the equipment, thereafter, so vitally necessary to the success of its operation, usually is regarded as of minor consequences.

All forms of fire and police headquarters receiving equipment designed for use with direct-connected fire and burglar alarm equipment are provided with visible and audible alarm and trouble signals. Municipal fire and police authorities, however, will wish to consider well just what their position may be in the event that either fire or police headquarters equipment goes into trouble and a representative of the manufacturer cannot be reached to effect prompt repair or is grossly delayed in restoring service. In the event of a fire or burglary occurring during the time any subscriber's equipment remains in trouble, the degree of blame and responsibility that may be laid upon the municipal authorities can only be conjectured.

This does not purport to constitute anything of a legal opinion, but I doubt that municipal authorities would desire to overlook the possibility of involving the city in long, troublesome and costly litigation growing out of the inoperability of direct-connected fire and burglar alarm equipment. It is worthwhile to point out, however, that ADT over the years has been called upon to defend many lawsuits, involving attempts to recover losses ranging from $500,000 to $1,000,000 based on alleged nonfunctioning or malfunctioning of fire and burglar alarm equipment or related service functions. If ADT with its limited financial [fol. 2920] resources can thus become involved in litigation at the hands of its subscribers or through insurance interests under subrogation proceedings, it is easy to imagine the greater incentive that might exist for the institution of much larger recovery efforts against any municipality undertaking to provide direct-connected fire and burglar alarm services.

The municipal authorities will wish to give careful thought, further, to the conglomeration of manufacturers' devices that, eventually, may find their way into fire or police headquarters. Once the privilege of direct connection is given to one company, in a city in which private

central station facilities are available, it would be difficult indeed to deny the privilege to another, including ADT. Quite conceivably, the matter of space occupied by these facilities in fire or police headquarters could become a serious problem. Difficulties attendant upon supervision over a large heterogenous collection of devices, recording the signals therefrom and following up the correction of trouble conditions could be great, in the extreme, to the point of completely overtaxing the facilities and personnel of the municipal authorities.

Beyond this, is the question of unfair competition with companies who are performing these services, frequently under local ordinances, and in all cases paying taxes and supporting a considerable organization to aid in the defense of the city against fire and burglary. Sporadic activities on the part of concerns advocating the installation of direct-connected fire and police alarm services weaken the efficiency of the independent central station companies, substitute inferior service, reduce the efficiency of the municipal departments and, in general, lower the character of the fire and police protection for the city.

A point well to bring out is the fact that it is always easier for any municipality to deny permission to make the first direct connection to municipal fire and police headquarters in a city where established central station facilities are available, than it is to deny the second application for such permission. No possible taint of discrimination could exist if the municipality were to say to any applicant for permission to connect fire or burglar alarm facilities to headquarters, "We feel that private central station facilities conducted in accordance with the standards laid down by the NBFU and Underwriters' Laboratories, Inc., constitute the soundest and only completely satisfactory means of supplementing the facilities of the department. Permission, gladly, will be forthcoming for such method of operation."

The municipal fire and police authorities, members of the city council and the Mayor of the city involved are generally businessmen, all responsive to the considerations above set forth and, in properly persuasive presentation, usually can be counted on to reach a proper conclusion.

In the last analysis, the munipical authorities must of

course decide for themselves the extent to which they desire to make available to others, including ADT, the facilities of the municipal fire and police headquarters. The authorities frequently are faced with political and other pressures that are hard to resist and we must expect to find, as we have, that, from time to time, fire departments and police departments will permit others to effect certain direct connections to their headquarters.

A. E. Smith, Vice President.

[fol. 2921] NATIONAL BOARD OF FIRE UNDERWRITERS

(A National Organization of Capital Stock Fire Insurance Companies Established in 1866)

Committee on Fire Prevention and Engineering Standards
85 John Street, New York 7, N.Y.

W. E. Mallalieu, General Manager

John A. Neale, Chief Engineer

April 1, 1941

Bulletin No. 118

Protective Signaling Systems

These have been defined as electrically operated circuits and associated instruments and devices, and the necessary electrical energy, designed to transmit signals and alarms necessary for the protection of life and property.

The systems of value in regard to the life and fire hazard which are of particular interest to firemen will be discussed in this and other bulletins.

The most important feature in connection with any signaling system is the perfection of service which may be expected of it. It is well therefore to analyze this service so that a comparison can be made of the degree of service which may be expected of the various kinds and types of systems in use.

For satisfactory service, good equipment is needed. This can be obtained by anyone willing to pay the price, and having knowledge of what constitutes suitable equip-

ment, and therefore there should be no differentials, on the basis of equipment, between types of systems. However, few people have sufficient knowledge to determine between good and poor equipment. A reputation of high standing of the maker of the equipment is not always sufficient and for that reason it is best to select and use only such devices as have been tested by a reputable concern experienced in this class of work. Underwriters Laboratories,, Inc. have for many years tested and listed, not only individual devices, such as boxes and bells, but have studied and examined complete systems to assure the proper functioning of the devices. The purchase of apparatus, equipment or devices which have not been tested by Underwriters Laboratories, Inc., introduces a question of its dependability.

The class of workmanship in the installation of a signaling system is of importance. Such a system is of greatest value during a catastrophe, and it must be so installed as to make it proof against wind storms, floods, earthquakes and fire. These systems must be of a character providing for many years of service, and also of material and method of installation such that they can not be tampered with and maliciously put out of service.

From a purely electrical standpoint any type of wiring may prove satisfactory, but on the above basis, signaling systems should employ underground construction for outside line wires, and conduit construction for inside work.

Even with the best of equipment and good installation work there is still a probability of some condition arising which may cause delay. Breaks may occur in circuits, wires may become grounded, or short circuited, the equipment may become worn, or need servicing to make it operate, or the source of current may fail.

To take care of some of these conditions devices can be added which will give trouble signals, or the arrangement of circuits may permit alarms to be received even though a serious defect exists. In addition, there should be sufficient meters and other testing equipment to permit full knowledge of the condition of the system to be obtained by a regular system of inspection.

Every endeavor of man is dependent upon some human effort. As civilization advances, mechanical devices are

introduced to make manual work less burdensome or to enable one man to care for a greater number of devices. However, the ultimate result must still depend upon some action involving this human effort. Protective signaling systems are no exception to this; in fact they are by nature more dependent on this human element than many other types of protection.

Protective signaling systems must be always available and in full operative condition. They should be made to give trouble signals whenever this condition does not exist, but without some one available to attend to the trouble signal this feature is of little value. Further there must be those who, on receipt of a trouble signal, will immediately start the necessary work to correct the condition responsible for the signal. Not only does this mean an adequate maintenance force, but as the trouble may involve damage which requires the replacement of devices and materials, there must be sufficient funds to assure the work being carried out expeditiously.

Further, to prevent failures and trouble developing, frequent inspections and tests must be made. These also involve considerable human effort.

The completeness of the protection rendered by the signaling system is important. Construction features can be judged through a long service record or a thorough laboratory examination, with suitable age-acceleration tests, which will assure workability of devices and of the type of system used, but a check on the installation should be obtained from the insurance inspection board or bureau maintained by the fire insurance companies in the various states. The general design and installation features of these protective signaling systems are covered by Standards issued by the National Board of Fire Underwriters, and known as Pamphlet No. 71, Central Station Protective Signaling Systems, and Pamphlet No. 72, Proprietary, Auxiliary and Local Signaling Systems. Details as to the advantages of these systems will be given in future bulletins.

[fol. 2922] NATIONAL BOARD OF FIRE UNDERWRITERS

(A National Organization of Capital Stock Fire Insurance Companies Established in 1866)

Committee on Fire Prevention and Engineering Standards
85 John Street, New York 7, N.Y.

Special Interest Bulletins

(For Those Interested in Preventing Loss of Life and Property from Fire)

W. E. Mallalieu, General Manager

Geo. W. Booth, Chief Engineer

April 15, 1941

Bulletin No. 119

Central Station Protective Signaling Systems

As indicated in Bulletin No. 118, a protective signaling system must be workable at all times; to assure this there must be frequent tests and also adequate and complete maintenance.

Experience over many years, and with systems of all kinds, has proven conclusively that these desirable features of tests and maintenance can best be obtained by owners and users of property through the purchase of "service" rather than the purchase of equipment and an attempt to render "self service". In other words, a company or individual who contracts to *install, inspect and maintain* a signaling system has an obligation which goes far towards assuring the owner of a plant in which a system is installed that protection will be available at all times. Such an assurance is also of value to the insurance companies and to the local fire departments.

Soon after the invention of the telegraph by Morse it was recognized that code signals could be transmitted from fixed mechanical devices, with break-wheels so cut as to indicate by taps on a bell or marks on a tape, the exact location of the device and that these signals could be arranged to have a definite meaning.

Various forms and kinds of protective signaling systems

have been patented. About the earliest form to prove satisfactory in its maintenance and operation was one developed by the telegraph companies. These companies not only had men trained in the reading of code signals, but also had experienced inspectors and maintenance men. Because the signals were received at the office, and all of the testing facilities were located there, this type of service became known as Central Station systems.

In the operation of the early central station systems, and most of those now in existence, wires owned or leased by the operating company extended from a central office or station to the building or premises in which protective signal service was to be provided. By this arrangement all of the receiving and testing equipment and the source of current supply could be under the constant attention of operators, who could tell by the code signal recorded just what action should be taken to provide the desired protection. When an alarm was received it would be transmitted to the fire department, usually over company owned or leased wires to fire alarm headquarters; at the present time this is usually confirmed by telephone.

With operators on duty at a central station, constant spervision could be maintained of the condition of the circuits, the current supply and other features of the system; in addition, when troubles did occur, such as a broken or grounded wire or the crossing up of the two wires of a circuit, it was possible to rearrange battery supply and receiving equipment to permit the transmitting device or fire alarm box in the protected premises to send the necessary coded alarm through a ground connection. This emergency arrangement was known as a McCullough circuit.

With the advancement of the art, some of the operating features at the central office were changed; automatic McCulloughering of circuits was provided; alarms were automatically transmitted to the fire department, in addition to being recorded at the central office, and other electrical or mechanical features were installed which lessened the work previously done by operators. Such an arrangement is known as an automatic central station, and in the smaller places only one operator is required to be on duty,

where at least two are required for the usual central station.

The value of a signaling system depends largely upon expert and prompt maintenance. This can best be obtained through companies operating through a central office. Much of the service rendered by protective signaling systems is not in connection with the transmitting of an alarm but in the rendering of service to assure some other protective equipment, such as an automatic sprinkler system, is operable, or that a watchman is making his rounds in the proper order and at the right time. This supervision of protective equipment and of the work of a watchman requires more than the receipt of a signal, which implies that something is wrong. To complete the service the central station company must maintain runners or armed guards who can be sent out to the plant protected to see just what is wrong and to correct the condition if necessary. Modern central station systems are extending this supervisory service to other lines than fire protection. Control of processes involving large values are supervised by proper signaling devices, and are cared for by suitable runner service.

Central station protective signaling service thus must include:

Receipt and transmission of signals and alarms.

Maintenance of runner or guard service in response to supervisory signals.

Periodic inspection and test of the protective signaling system;

Maintenance of the protective signaling system.

To carry these duties out there must be a competent and adequate force of men trained in protective signaling system operation and maintenance. In addition there must be sufficient financial backing to assure that replacement and renewals will be promptly made. This last is one of the important differences between central station companies, which sell service, and those companies which sell equipment or make complete installations, but do not service or maintain them, and leave the important function of maintenance to the purchaser.

[fol. 2923] NATIONAL BOARD OF FIRE UNDERWRITERS

(*A National Organization of Capital Stock Fire Insurance Companies Established in* 1866)

Committee on Fire Prevention and Engineering Standards
85 John Street, New York 38, N.Y.

W. E. Mallalieu, General Manager

Geo. W. Booth, Chief Engineer

February 2, 1948 Bulletin No. 261

Automatic Indication of Fire

Life loss in fire is primarily caused by the lethal quality of the products of combustion. For this reason it is of the greatest importance that people in a building be acquainted, at the earliest possible moment, with the fact that there is a fire. Had this been done in those most recent instances of serious life loss in fires—in Boston, Chicago and Atlanta—there would have been time to call the fire department, to proceed from the building or to close doors before these lethal gases could be produced in sufficient volume to cause asphyxia or reach such a degree of toxic concentration as to produce death.

This failure to discover fire quickly is also a large factor in those fires which have destroyed buildings and contents. In few cases can a fire department extinguish, with small loss, a fire which is discovered only after it has smoldered and burned for hours.

On the basis of these two statements it is a self evident proposition that automatic detection of fire would go far towards providing life safety, especially for those places which are occupied throughout the twenty four hours and where people sleep. Also that much reduction of destruction of wealth can be prevented in those places where no one is on duty except during the working period of eight to ten hours during the day.

Discovery of fire can be obtained easily. Many devices which are sensitive to heat have been perfected. These, known as thermostats, are of several kinds, mainly of two types, those which function at a fixed temperature and those which function if there is a rise in temperature ex-

ceeding a certain rate greater than that normal to the occupancy. There are also devices which operate when smoke occurs, or from the radiation of heat rays, or from an excess of oxides of carbon in the air. The reliability of all of these devices will depend upon the design, the materials used and the workmanship. They must be such that they can stand ordinary exposure to moisture, dust and fumes over a long period of years and still function when a fire occurs. Assurance of the dependability of thermostats is part of the work of Underwriters' Laboratories, Inc.; fifteen different makes have been tested and listed by the Laboratories. Underwriters Laboratories has also listed a spring operated individual thermostat for purely local service.

Together with the quality of the thermostat there must be a proper design of the means of making these function such that an alarm or warning signal will be sounded. This generally involves the use of electricity, and will consist of a source of electrical energy, wiring, an alarm device and means of testing the combination of these to assure workability at all times. Two Pamphlets, Nos. 71 and 72, issued by the National Board of Fire Underwriters, give the standards of design and installation of these protective signaling systems.

In the view of those versed in fire protection, the automatic detection of fire through thermostats and alarm systems provides a safeguard for life and property only exceeded by the automatic sprinkler, which includes not only a thermostat but also the application of water. The question might well be asked as to why, if these systems are of such value, they have not been more generally installed? Part of the answer is that early installations, made at a time when batteries were the source of current and consisting of devices and equipment not listed by Underwriters' Laboratories, Inc., and installed largely as a means of receiving a reduction of insurance premiums rather than a desire for protection, soon, deteriorated to such a degree that they were undependable and produced many false alarms. In fact the record was such that few fire protectionists would recommend such a system unless it were possible to have constant supervision through a central station where operators were on duty at all times, and there was a contract between the plant owner and the central station operating company for inspection and maintenance.

Only in the larger cities are these central station offices maintained, and therefore in the smaller places there is no one interested in selling such a system to those needing one, although the real need is often greater in these places than in the larger cities, because of the deficiency in general protection.

Where there is no continuous supervision available through a central station operating company there must be excellent inspection and maintenance if reliability of operation is to be obtained. There are three general types of systems which can be installed in these communities which do not have central station service. The simplest of these is the purely local system, designed to protect a single room or building and to sound a local alarm; in some instances there would be an extension, either by direct wire or through leased telephone wires, to a fire station or fire alarm headquarters. The next step in providing alarm service is to maintain an operator on duty at all times; this is often done in connection with the telephone switchboard operator, and in some cases through the use of the watchman not on his rounds, where several watchmen are assigned to the protection of the plant. This type of system is known is a "proprietary" system. It performs the same function as a central station system as to the possibility of maintaining constant supervision over the system; however, the general experience of systems supervised from a local office at the property protected has not proven as satisfactory as the service rendered under contract from a properly qualified and experienced organization whose principal business is the inspection, testing and maintenance of protective signaling systems. The proprietary system should have definite means of transmitting an alarm of fire to the fire department, in addition to sounding an alarm locally to expedite the emptying of the building.

There is a third type of system which is recognized where central station protective signaling service is not available. This is known as an auxiliary fire alarm system where the interior system of wires, power source, thermostats and alarm devices may be the same as for a local system or a proprietary system, and when this system functions it automatically transmits the alarm through a nearby box attached to a circuit of the municipal fire alarm system. There is a disadvantage in that, unless the municipality wishes to

undertake the supervision and servicing of the local system, there is divided responsibility. Some of these auxiliary systems also include the objectionable feature of extending the municipal wires, as shunt loops, into the building.

Equipment and design of protective signalling systems employing thermostats are essentially the same whether a system is of local, proprietary, auxiliary or central station type. The dependability of any of them depends upon the degree of inspection, testing and maintenance. Experience has been that constant supervision, as rendered by companies maintaining a central supervising office, and under contract to inspect, test and maintain the system, is the best form of service; also that where such central supervising office is not available, then the inspection, testing and maintenance should be under contract with an experienced and dependable organization.

Where it is not possible to transmit the alarm direct to the fire department, then arrangement should be made to transmit it by telephone and supplement it by turning in an alarm from the nearest street box.

[fol. 2924] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 279

March 9, 1953.

Mr. C. L. Chafee
Commercial Superintendent

Re: Competition—Automatic Fire Alarm System,
Columbus, Ohio

Thank you for the report from Commercial Representative Fosmire submitted with your letter of March 3, 1953.

We would suggest that you personally follow this specific case so that we may have the benefit of concerted efforts to protect our interests in the city of Columbus.

Approval has been secured for a $100.00 contribution to I.M.S.A. to assist them in their convention.

This matter is becoming more prevalent of late and we must face the realization that we will be called upon more and more to defend our position.

It is our opinion that practically all fire departments are willing to resist pressure brought by groups or individuals to be allowed free use of municipal facilities if they are equipped with logical reasons why such privileges should not be given. Our job is to forcefully present the facts in a tactful manner. The facts are basic and our success will be in proportion to the manner in which they are presented.

The use of direct-connected or auxiliarized system has a use in a community wherein there is no existing private and independent central station service company. It is in these communities that equipment companies should be concentrating their efforts rather than attempting to lower the standards in a community wherein there is an existing central station service company.

ADT has pioneered the private central station service business for upwards of eighty years, cooperating with underwriters and municipalities to improve the common cause of attaining the highest possible protection. This has been the aim of ADT and the effort and cost has been [fol. 2925] great. In many instances we have operated central stations at a loss for several years but with the hope and realization that the offices would eventually produce a profit.

Many other companies have entered the field and as a consequence we have bona fide competitors in many cities throughout the United States. This opportunity to engage in the business of private central station service is available to others. There is no need for any municipality to lower any existing standards of protection. As a matter of fact a tendency in this direction creates a hazardous situation. Auxiliary fire alarm systems, connected to municipal circuits, never have been a satisfactory means of providing interior fire alarm. Prominent fire chiefs throughout the country have repeatedly and consistently voiced their disapproval of the use of auxiliarized master boxes and auxiliary connections to municipal systems. The International Association of Fire Chiefs has been on record against the practice for more than 20 years as disclosed in the following resolution adopted by their board of directors:

"Whereas, It has come to the cognizance of this Association that manufacturers and their agents of various types of firm alarm equipment are from time to time seeking permission of Municipal Government to directly attach their privately owned and operated devices to the municipal fire alarm systems; and

"Whereas, For various reasons, such practice is detrimental to the efficiency of such municipal fire alarm systems, and is opposed to the best interest of the general public: therefore be it

"Resolved, By the International Association of Fire Chiefs, in annual convention assembled, that this organization is opposed in principle to the practice of connecting private firm alarm devices of any description directly to municipally owned and controlled fire alarm systems."

[fol. 2926] The foregoing is the best factual information that we can present. It represents the opinions of the majority of fire chiefs in the United States and should certainly provide sufficient evidence to any fire chief who is sincerely concerned about good protection practices. A fire chief who allows connections to municipal circuits assumes a large share of responsibility for the continuous operation of the system. It is possible that responsibility might be assumed by the fire department for the recording of monthly test signals presumably provided by the servicing company to meet requirements of the Underwriters by virtue of which the City assumes gratuitously a cost which is borne by a private company as is so with ADT and other central station service companies. Possible liability for damage suits in large amounts at the hands of the user of system connected into the municipal circuits exists and is an unfair risk to taxpayers of the community.

A municipal fire alarm system is designed as an entity and should remain so without any foreign attachments that would tend to weaken or interrupt a satisfactory operation.

A serious aspect, when permission is granted for direct-connection to city fire departments in cities where central station service is available, has been to force out of focus the competitive relation of the two types of service, central station and direct or auxiliarized connections. The central station organization can either reduce the quality of its

service or refrain from attempting to compete, in either case the high quality fire protection service, which is vitally necessary, is lost.

Many municipalities have become involved in the matter of direct and auxiliarized connections and have experienced difficulties of which there is documentary evidence. However, it is impractical if not impossible to secure individual testimony and it would seem that the stand of the International Association of Fire Chiefs as indicated in their resolution, quoted herein, would be more impressive than any written opinions of individual fire chiefs.

The attached bulletins, #118, #119 and #120 issued by the N.B.F.U. point up the preference of central station service by an organization whose only function is to strive [fol. 2927] for improvements in fire protection so that losses of life and property will be contained at the most possible minimum.

Auxiliarized or direct-connected systems have few friends aside from those who profit through the sale of the equipment, except of course in small communities where central station service would be immediately available.

This conclusion is not that of ADT but is the opinion of others who have learned through years of experience. It is why ADT has approximately 117 central stations serving more than 500 municipalities throughout the country.

The tactful presentation of this information should enable us to convince any fire department official in a city wherein we operate a central station service that to allow direct-connection or auxiliarized connections is not only unnecessary but actually unfair to all parties concerned. Plus the obvious fact that ADT may at some time be forced to seek the same arrangement if the standard of good protection is to be lowered.

A fire department official can and should ask that any protection company meet existing requirements as set by the N.B.F.U. and we should be ready and willing to assist in any diplomatic manner possible.

Your district may have a number of instances similar to that in Columbus largely due to the efforts of the Lumbermans Mutual Insurance Company plan to promote the use of automatic fire alarm in many of their insured properties.

It will be well for you to discuss this matter with Operating Superintendent G. T. Edgar, who knows the fire depart-

ment people in the district, so that our interests will be well protected.

We would appreciate advice of any further developments in this matter.

A. F. Smith, General Commercial Manager.

RD

[fol. 2928] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 280

December 20, 1962.

Mr. L. J. O'Brien
Vice President

Mr. A. W. Sullivan
Director of Public Relations

Proposed Ordinance Regulating the Installation and Maintenance of Burglar Alarm and Protective Devices on Premises in the City of Newark

In line with Mr. Gaston's memorandum of December 17th and Mr. Guibert's telephone call to you, I met with Mr. Guibert in his office in Newark.

Mr. Guibert told me that the New Jersey Section of the National Burglar and Fire Alarm Association, Inc. had assigned him the responsibility for combatting the proposed licensing ordinances in Newark. He told me that he had hired Mr. Litvak of the law firm of Bragg, Litvak & Ertag, to represent them. He said that he felt we should be interested in joining with them. I told him that we would not be interested in retaining Mr. Litvak as we had our own legal counsel.

Mr. Guibert had prepared some written objections to each paragraph of the proposed ordinance. He asked what I thought of them and I told him that it was obvious that the ordinance and his objections were pointed towards local burglar alarms rather than central station.

At 2 o'clock we went to the office of the Corporation Counsel of Newark. In attendance at this meeting were [fol. 2929] Corporation Counsel Norman Schiff; Attorney

Jerome Litvak; Mr. William O'Connor representing the Association of Casualty & Surety Companies; Mr. Guibert and me. It was announced that Public Safety Director Spina was unable to attend due to a death in his family.

After introductions, Mr. Schiff asked Mr. Litvak who he represented. Mr. Litvak commented that he represented everyone. I made it plain that Mr. Litvak was not representing us and he immediately agreed that this was so and that I was speaking for ADT. It then developed that Mr. Litvak was officially representing the National Burglar and Fire Alarm Association, Inc. and the Association of Casualty & Surety Companies.

Mr. Schiff stated that this was not a revenue producing ordinance, but a licensing ordinance. He said that Director Spina had asked him to draw up such an ordinance because burglar alarms were causing the police department a great deal of trouble. During the discussion it became obvious that they were referring to local burglar alarms ringing without attention from the installing company.

Mr. Guibert stated that his company paid many thousands of dollars in property taxes to the City of Newark. He said that much of the material on which they were taxed was not used in Newark, but other cities in New Jersey. Mr. Schiff asked whether we paid a property tax in Newark, and I said that I was not familiar with the details, but assume that we did. He made a note to check into this.

Mr. Guibert then complained that Paterson and Passaic were drawing up ordinances to tax the alarm companies and that this whole thing was getting out of hand. Mr. Schiff made a note to check into this.

The proposed ordinance was taken up a section at a time and Mr. Litvak's objections were discussed. There were [fol. 2930] no objections to Section 1.

In Section 2, Mr. Schiff readily agreed that there was no necessity for providing names of stockholders and their age as called for.

In Section 3, there were strong objections to the $500 fee. Mr. Litvak suggested that at most it should be $25. Mr. Schiff said he was inclined to agree that $500 was too much, but also commented that $25 was too little. Mr. Schiff said that they would certainly consider lowering the amount.

In Section 4, objection was made to the $5 fee. Mr. Litvak suggested that if the fee were $1 per person, employees

might be persuaded to pay this fee themselves. Mr. Schiff indicated that consideration would be given to a lower license fee. There was also considerable objection to the necessity of licensing employees at all. The difficulty in bringing in construction men from other areas was brought out by Mr. Guibert. However, Mr. Schiff indicated that they felt very strongly about the desirability of licensing each employee and that as far as he was concerned, this would remain. He indicated that they were reorganizing their License Bureau and that it should be a relatively easy thing to license each employee.

At this point, Mr. Guibert complained that if every town in North Jersey required licenses, this would be an impossible situation for the alarm companies. Mr. Schiff commented that if the State of New Jersey took over the licensing, Newark would withdraw their ordinance, but he did not feel that they would do so until such a time.

Section 5 generated a legal discussion between the two lawyers as to exactly what was meant by some of the terms, but Mr. Guibert stated that he was not concerned because he felt sure that none of the alarm companies would hire [fol. 2931] anyone convicted of a crime. Mr. Schiff then commented that Director Spina had evidence that some employees who had left alarm companies had a bad record, and that the city felt they should have better control.

Section 6 was objected to very strongly by Mr. Litvak. He commented that to place the power of approval as to location of fire alarm devices with the fire department would throw the alarm companies on the mercy of every inspector with his hand out. Mr. Schiff became quite irritated at this comment and said that he did not feel this was a good argument against this paragraph at all. He finally said that it would be up to the Director of the Fire Department. If he said he wanted this power, it would stay in.

In Section 7, it was agreed that the word "stockholders" would be deleted and there was no other objection.

Section 8 caused great objection and discussion and Mr. Schiff indicated that the 30-minute limitation might well be too short. However, he said that this section was most important to Director Spina in order to be able to control the local burglar alarms which were causing the Newark

Police Department so much difficulty. Mr. Litvak read the letter written by Mr. Pillsbury of the National Bureau of Casualty Underwriters of December 17th objecting to this particular section. Mr. Schiff commented that the intent was not to disconnect the alarms, but to fix them promptly so that the police were not taken away from other emergencies. He stated that it was up to the alarm companies to suggest the proper solution because the situation was intolerable at present. Mr. Guibert agreed that they would have to do some work on this section and come up with a suggestion.

On Part B of Section 9, I pointed out that it did not apply to central station companies at all. Mr. Schiff [fol. 2932] readily agreed that they would consider exceptions for central station companies on any of these paragraphs where we pointed this out to them.

There were no particular objections to Sections 10 to 13.

Mr. Schiff then agreed that because of the changes of substance which obviously would have to be made in this ordinance, he would recommend that the City Council defer action in order to give the interested parties time for discussion. Mr. Litvak asked that it be continued to February as he would be away a considerable portion of January, and Mr. Schiff indicated he would consider this.

At this point I again brought out to Mr. Schiff that the central station operation was quite different from the local burglar alarms, and he finally agreed that we were no problem to the city. However, when I suggested that we should be exempted from this ordinance, he commented that he did not feel they could go that far.

On Wednesday, December 19th, I checked with Mr. Litvak to make sure that the hearing on this ordinance was to be postponed as agreed. He had obtained the following information from Mr. Schiff. Because of the expense of publishing these ordinancse, Mr. Schiff was to recommend to the City Council that they have the second reading and then postpone the public hearing until late in January or early in February. He stated he would not be at the Council meeting and did not feel it necessary for any of the alarm companies to appear.

I understand that Mr. Schiff did so recommend during the Council meeting and the ordinance was postponed.

In talking to Mr. Guibert yesterday, he said that he had conferred with the Electrical Contractors' group. They had told him of the New Jersey Electrical Contractors' [fol. 2933] Licensing Act passed in 1962. They indicated that alarm companies probably could be licensed under this ordinance for a very nominal fee, perhaps $200, which would eliminate the necessity of municipal licensing.

We are so obviously in a different class from the local alarm companies that I think it would be very detrimental to our position to line up with them. I think that we should discuss this matter thoroughly and plan what to do at a very early date.

R. M. Bugbee, Assistant Director of Public Relations.

RMB:mp

cc: Mr. E. Gaston, Mr. L. J. O'Brien, Mr. W. Hable, Mr. R. O. Donnelly.

[fol. 2934] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 281

ATLANTA, GEORGIA

September 15, 1955.

Mr. L. J. O'Brien:

Competition—Atlanta, Georgia

You will be interested to know of recent developments which clearly indicate that the Atlanta Police Department intends to live up to the promise which they made to the writer last year to the effect that they would not take any more new BA customers.

Mr. Gunter, General Manager of the Southern Burglar Alarm Company, informed me this week that he had been approached by the Atlanta Police Department about buying a substantial quantity of local BA equipment which they had in stock. Mr. Gosser, who is in charge of Police Department communications, stated to Mr. Gunter that they only needed a nominal amount of maintenance equipment since they were not taking any new subscribers. Mr. Gun-

ter said they had purchased the equipment from the Police Department.

In further confirmation, we were advised today by Partain's Jewelry Company, who are present subscribers to Police Department BA Service, that they were moving to a new location and the Police Department declined to serve them there and referred them to ADT.

The Southern Burglar Alarm Company has, as I predicted, taken a "new lease on life" as a result of the Atlanta Police Department's decision to refrain from taking any more customers. It has been previously reported to you that the Southern Burglar Company made arrangements to establish receiving equipment in the Telephone Answering Service in downtown Atlanta and that they had some months ago seven or eight connections to this point. It is our opinion that they are expanding this phase of their business and we learned not long ago that they were referring to it as "Central Station Service". For this reason I visited Mr. Gunter and expressed the opinion that he was engaging in misrepresentation. I got this across diplomatically and stated that in many cities the local Burglar Alarm Company and the ADT Organization worked, each in its own field, in a very satisfactory and [fol. 2935] compatible manner. I explained how in such towns as Miami we frequently exchange leads with the local Burglar Alarm Company. At that time Mr. Gunter, who is the stepson of the man who founded this business and who recently died, seemed to understand our position and accept it and left me with the impression that he would not continue this misrepresentation with regard to calling the Telephone Answering Service a Central Station. He seemed to have a very clear understanding and excellent grasp of the details of the Burglar Alarm business. Naturally I was disturbed and disappointed to observe in the new telephone book, issued this month, the Southern Burglar Alarm Company's ad specifying "Underwriters' Approved Burglar Alarms" and on the next line "Central Station and Local Service".

I would very much appreciate receiving your advice as to what further steps, if any, we should take in this matter. This is obviously false advertising and is harmful to our business and to our industry.

We wish also to report on a new competitor in Atlanta, The Murray Company, which has the agency for the outright sale of equipment manufactured by Robotron Burglar Alarm Company, Daytona Beach, Florida. They are selling the systems outright at a very low figure with no provisions for maintenance or inspections. You will observe from the attached Dun & Bradstreet report that they have a number of other lines and should not represent a serious competitor for us. They probably will cut into the Southern Burglar Alarm Company's potential to some degree.

E. J. Heisley, District Sales Manager.

EJH/bb

Attach.

[fols. 2936-2938] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 282

SAN FRANCISCO, CALIFORNIA

June 9, 1953.

Mr. A. E. Smith
General Commercial Manager

Regional Conferences June 4-6 and 18-20, 1953
Competition—District #9

Pursuant with you letter of May 6, 1953, we are pleased to report on the competitive situation with respect to our District. Details of our major competitors and their activities have been submitted periodically and for that reason this report is, for the most part, a summary plus a review of the situation in general as of this time.

* * * * * * *

[fol. 2939] 2. Direct Connected Services

A. Tele-Fire of California
180 E. California Street
Pasadena, California

Frank Gard Jameson, President
Marvin T. Borden, Vice President
Arthur Newlean, Engineer
James Sardella, Treasurer
S. L. Moseley, Manager

The principals of this concern are largely engaged in other activities. It is our understanding that Mr. Moseley is the active head of this concern. It is also our understanding that possibly 3 salesmen are employed in solicitation for the sale of direct connected services. As indicated in a report of December 18, 1952, this concern is active in outlying communities in the Los Angeles area. We have encountered no competition within the larger incorporated cities such as Los Angeles, Long Beach, Glendale and, we believe, Pasadena. We have, however, encountered competition in Los Angeles County areas, and have lost one or two jobs to this concern.

Their method of operation is similar to ours. Their systems—SS/WF and AFA—are installed on a leased service basis and connected over leased telephone wires to a fire department where signals are recorded on equipment provided by Tele-Fire. Unlike our arrangement, sprinkler supervisory signals are transmitted to and recorded at the fire station. This arrangement, as well as their systems, we understand, has the approval of the Pacific Fire Rating Bureau and that credits given are not quite equal to the credits allowed for standard Central Station service.

This concern flaunts a long list of subscribers which is quite impressive to an unsuspecting prospect, but a review of the list indicates that most of the installations consist of local non-code evacuation systems in public properties in wide scatterred outlying areas. We have not encountered sufficient competition in the direct connected cities in which we operate to enable us to draw a comparison as to their rates.

B. The San Diego Burglar Alarm Company
San Diego, California

Mr. Harold Eales, Owner

This concern has 20 direct connected Burglar Alarm systems reporting to a city-owned panel at Police Department Headquarters and, in addition, has several hundred local Burglar Alarms also installed on a service basis. The competitive situation has not been critical because we have not been in position to retain a Commercial Representative at San Diego. Solicitations have, therefore, been limited for the most part to ADT subscribers in other cities with Plants in San Diego. We have also been limited by the Police Department for reasons which are discussed under separate correspondence and which are being taken care of.

[fol. 2940] 3. Local Burglar Alarm

There are some 29 local BA companies in the Los Angeles area; 10 in the San Francisco Bay area; 5 in Seattle; 3 in Tacoma; 4 in Portland; 1 in Spokane. Most of these concerns are operating on very limited finances and are here today and gone tomorrow. When the Morse Signal Devices of California entered the local alarm field in Los Angeles, so we understand, it was with the view of attempting to dominate the local alarm field and, eventually, open a Central Station. They purchased 7 local alarm companies at the outset of their venture into California. We are told by their manager that they gave up the idea of dominating the field because new concerns sprang up faster than they could acquire old ones. So, as a result, they are competing with other local alarm companies throughout the Los Angeles area. It is only on an occasional solicitation that competition from local alarms is encountered; we have found that the best weapon we have in combating this competition is to thoroughly explain our superior services and usually, if the prospect has the need and the ability to pay, we are successful in our solicitation. Such competition is found mostly in the Los Angeles and San Francisco Bay areas and, to a much lesser degree, in the Pacific Northwest Central Station cities and in the direct connected cities in which we operate.

4. Proprietary Systems

A. Protection Engineering Corporation, Los Angeles, Calif.

The Gamewell Company, Pasadena, California

As more fully discussed above, the Protection Engineering Corporation has been our principal competitor on outright sales solicitations during the past year or so. As indicated above, this concern is reported to have an exclusive sales agreement with the Potter Electric Signal & Mfg. Co. of St. Louis for the sale of its equipment in 11 Western states. As also previously reported, Mr. Watrous, its Vice President, is a qualified sales engineer and is well acquainted in Southern California. He represented the Autocall Company in Los Angeles for some 3 years prior to forming the above company. It is believed from competitive quotation that Potter equipment prices are similar to our own and that the lower selling prices of this concern is probably due to their lower overhead, which makes possible smaller loadings on equipment costs.

The Gamewell Company, with its District headquarters in Pasadena, has not been too active in soliciting jobs on which we have bid. The district organization consists of James Hicks, District Manager, Mr. Al Johansen, Special Representative, and 4 salesmen located in Pasadena, San Diego, San Francisco and, until recently, a salesman was maintained at Seattle. The Grinnell Company has bid and lost several jobs involving municipal type equipment to the Superior American Fire Alarm Company, which has established sales agencies on the West Coast. As previously stated, however, our main competitor is the Protection Engineering Corporation and we have lost only one or two jobs to this concern.

W. K. Francis, Assistant Commercial Superintendent.

WKF/ef

[fol. 2941] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 283

HOLMES ELECTRIC PROTECTIVE COMPANY

April 5, 1962.

Memo: For File

The following are my recollections of a telephone conversation I had with Mr. Malcolm Goldstone, President of Central Office Alarm Company (Owl Burglar Alarm).

Mr. Goldstone telephoned me on March the 29th to say that we were raiding his accounts and cutting prices. I told him that we never varied our service rates and that as a rule we were 25% over our competitor's prices for similar installations. I told him that I was not aware that the tempo of competition with his company had increased materially. He then said "He guessed we were even since you've taken six of mine and I've taken six of yours." Mr. Goldstone went on to say that he was on the point of telling his salesmen that whenever they saw a Holmes seal to solicit the party, but then he thought that this was silly. He then asked if I had ever seen his Central Office and if I would ever be interested to see it and I told him yes, I would be interested some time to see it, but not now. Mr. Goldstone suggested that I have lunch with him and I told him that I did not think it advisable, whereupon he said that I had nothing to worry about as he had lunch with some of the A.D.T. people. I told him that I was only responsible for my own actions.

Mr. Goldstone went on to say that maybe we didn't consider his Local Alarms as competition and I told him that I did not consider any other alarm system as competition because we felt we were superior to any of them and that would be particularly true with respect to Locals.

I received a very definite impression that Mr. Goldstone would like nothing better than for me to have lunch with him and establish some kind of a "hands off" policy with respect to existing accounts, although he didn't say this in so many words.

Mr. Goldstone then asked me if I would give him or his

secretary the number of the Holmes Sales Tax Case that we won with the City of New York and I told him I would see if I could get it for him. He then asked me if I knew anything about the Sales Tax in Philadelphia on telephone lines and I told him that I heard something about it. Mr. Goldstone then suggested that possibly we would be interested in joining him in a suit against the Telephone Company of Philadelphia. I told him that this was a matter that did not concern me. I finally terminated the conversation by saying that I was expecting another call.

C. K. Empringham, Sales Manager.

[fol. 2942] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 284

HOLMES ELECTRIC PROTECTIVE COMPANY
370 Seventh Avenue
New York 1, N. Y.

H. C. Ward
President

September 25, 1952.

Mr. Roger T. Clapp, Secretary & Counsel,
Grinnell Corporation,
260 West Exchange St., Providence 1, R.I.

Dear Roger:

As requested in your letter of September 10, 1952, and our telephone conversation in connection therewith, we have had prepared and I enclose herewith, in duplicate, a description covering the salient points of our central office service.

While it has been somewhat difficult to decide just how much detail might be appropriate, I hope that our write-up will serve for the purpose which you have in mind. If not, however, please do not hesitate to let me know so that we may incorporate any required changes or additions. I also enclose two copies of each of four pieces of printed

descriptive matter which we have used for advertising purposes in New York.

Yours very truly, H. C. Ward, President.

HCW:HF

Enc.

[fol. 2943] Central Office Burglar Alarm Service

While Central Office Burglar Alarm Service may perhaps be thought of as a local or gong type of electric burglar alarm of early days, it differs basically from the local system in that the alarm signal registers in a Central Station to which the protected installation is connected, thereby insuring a prompt and effective response and investigation by trained and armed guards, rather than merely sounding an audible alarm at the premises and then relying on an unorganized and hap-hazard public response. At the Central Station are assembled the instruments for supervising the alarm system, the battery and charging equipment necessary to furnish the electrical energy, and the operating personnel, including the guards, skilled switchboard operators and competent repairmen.

Central Office Burglar Alarm Service is generally restricted to cities of considerable size, where there is sufficient demand for this type of burglar alarm service and enough potential customers within a relatively concentrated area to make the operation of the Central Office service economically feasible. Where Central Office service is available, it is widely used by banks, jewelers, retail stores, warehouses and manufacturing plants, and private residences. The principle features of this service are described below:

Installations

The protective installation on the customer's premises is arranged and designed to originate an alarm upon any unauthorized entry to or disturbance of the area under protection, with the amount and type of equipment installed depending on the extent of the protection required and the nature of the merchandise to be guarded. In jewelry stores for example, the installation is often limited to a

protective cabinet installed around and completely covering the jeweler's safe, so that the cabinet must be penetrated before the burglar can attack the safe itself.
[fol. 2944] Bank vaults may be protected by lead-sheathed cable embedded in the concrete during the construction of the vault to guard against cutting through any portion of the structure, though modern practice usually provides for equipping the vault with a Detector System, designed to respond to any vibration caused by an attack on the structure. Protection of mercantile vaults may be afforded by mouldings attached to the structure and carrying delicate fire-wire circuits, by foiled panels similarly mounted, or by means of a Pressure System—a device which reduces the normal air pressure inside of the vault by a powerful exhaust fan. With the pressure reduced, an opening made in the structure instantly restores the normal pressure and causes the apparatus to register an alarm condition.

Where protection of the premises is desired, various methods are used. Doors, windows and other openings are generally equipped with spring attachments and tinfoiled panels or tinfoil applied directly to the glass. Thus, if a protected door or window is forced open, the spring attachment will initiate an alarm or, if an attempt is made to break through the body of the door or to break a pane of glass, the severing of the tinfoil tape produces the alarm condition. Walls may also be protected by tinfoiled panels. Ceilings and skylights are generally protected by a network of bare copper wires installed in parallel.

Another protective method, which is often used to meet special conditions and to reduce the expense of installations of the conventional type, is the Photo-electric System which projects across the floor a modulated beam of infra-red or invisible light which will be intercepted by movement about the premises. A momentary interruption of the beam initiates an alarm condition. In order to protect large floor areas, the beam is frequently reflected by the use of mirrors.

In private houses and apartments the same equipment used for mercantile establishments may be applied, but generally the installations are less extensive and, as a rule, merely provide for spring attachments on doors and win-
[fol. 2915] dows without using protective paneling on the body of these openings. Provision also can be made for ventilation in the case of bedroom windows.

A popular feature of residential protection is a call button which enables members of the household to summon assistance from the Central Office in case of emergency.

The Central Office

The essential requirement for the establishment of a Central Office burglar alarm system in any community is the availability of underground circuit facilities which may be leased at a reasonable cost and be readily available from the Central Office to any part of the area where service may be furnished. In most cities, it is possible to lease such facilities from the telephone or telegraph companies. Direct underground cable connection between the burglar alarm central office and the nearest exchange providing wire facilities is also required.

The switchboard sections in the Central Office are made up of galvanometers, sensitive relays and other pertinent apparatus for supervising each subscriber's alarm system. The galvanometers are adjusted to indicate, within extremely close limits, the current flow in each system. Variation in the flow of the current deflects the galvanometer and also operates sensitive relays, thus registering the alarm condition both visually and audibly by pilot lights and buzzers associated with each individual circuit and with each section. The switchboards are attended by operators trained to interpret and to initiate appropriate action in the event of any alarm or irregularity, as well as to supervise all openings and closings of the protection. When a customer opens, he identifies himself by the exchange of code signals with the operator, and all opening and closing times are recorded.

The electric power for operating the alarm system is supplied by large storage batteries located in the Central Office. There are two sets of these batteries so that while one set is in use, the other can be re-charged. Electricity from the public utility furnishing electric power in the com- [fol. 2946] munity is used for charging the batteries, but in the event of a power failure, the Central Office is provided with emergency charging equipment in the form of a diesel or gasoline engine-driven generator.

The Central Office maintains on file for each customer detailed instructions governing the supervision of the

premises, together with the signatures of those persons authorized to operate the protective system. Such files also include the names, phone numbers and home addresses of those to be notified in cases of emergency. So as to facilitate the prompt access of the guards in investigating alarms, keys to each subscriber's premises, sealed in specially designed envelopes by means of numbered lead seals, are held in the Central Office. The entire routine in handling and sealing keys is designed to prevent unauthorized use, and to enable the customer to check at any time as to the date, time and reason for the use of the keys whenever the seal is broken.

Service

The value of Central Office electric protective service, as distinguished from local alarm service, derives primarily from the speed and efficiency with which alarms are investigated, and efficient protective performance requires the maintenance in each Central Office of an adequate guard personnel, thoroughly trained in the operation and maintenance of the protective system.

All alarms are normally investigated by the Company's own guards, who are licensed to carry fire arms for self-defense and are prepared for any emergency that may arise when they arrive at the customer's premises to investigate an alarm. When an alarm is received in the Central Office, the guards are dispatched within a few seconds with the customer's keys, and the signatures of authorized customer personnel, proceeding, usually by automobile, by the shortest route to the customer's premises. In order to maintain careful supervision over the guards, the estimated time needed to answer each protective system is prepared in advance of the establishment of the service, and this so called "allowed time" is indicated on the customer's record in [fol. 2947] the Central Office. Upon their arrival at the subscriber's premises, the guards first signal back to the Central Office so that the time of their arrival may be duly recorded. When, in the judgment of the Central Office Manager, the guards fail to reach the subscriber's premises within a reasonable time, he may dispatch additional guards or notify local police authorities. The guards, after signalling the Central Office of their arrival, make a systematic

search of the premises, always bearing in mind that the alarm may have been caused by criminal attack, and whenever evidence of such attack is discovered the Police are promptly notified. Where intruders without proper identification are found on the premises, they are turned over to the Police, and the customer is also notified at his home. If the guards find no evidence of attempted entry, they endeavor to ascertain the cause of the alarm and repair the trouble so that the protection may be restored as quickly as possible. Complete time records of every alarm investigation are made and retained by the Central Office.

Although the primary purpose of any burglar alarm operation is the prevention of burglary, Central Office service goes beyond that in the protection of the customer's property. Due to the sensitive nature and delicate electrical balance of the system, alarms frequently result from fires, storms, water leaks, etc., but whatever the cause, the guards in each instance are trained to take such action as will best safeguard the customer's interest.

Hold-Up Protection

In recent years, the development of police radio systems, operating from and in constant touch with a central broadcasting point, has made possible an effective means of protection against armed robbery or hold-up in conjunction with burglar alarm service. Through specially designed buttons and other supervisory equipment, the central office connections are used for transmitting an alarm in the event of hold-up or other emergency while the premises are open for business. The operation of the buttons installed about the customer's premises cause a distinctive signal to register on the Central Office switchboard, and these signals are promptly relayed to the police broad-[fol. 2948] casting center and put on the air for the response of the radio cars. Since calls for assistance in an emergency can thus be transmitted silently and without the knowledge of the armed intruder, the Central Office hold-up alarm system, where available, has almost entirely replaced the old type of siren hold-up alarm, and is now widely used by banks, jewelry stores and other establishments handling large amounts of money or merchandise of substantial value.

In summary, it may be said that modern Central Office burglar alarm service represents the most effective method of safeguarding valuable merchandise, places of business and private homes. Since several hundred or even thousands of installations can be supervised from a single Central Office, this type of protection is far less costly than the maintenance of watchmen at each customer location. Central Office service, (even though private guards are normally used for investigating alarms), nevertheless requires the whole-hearted cooperation of the local police department in responding on call where evidence of criminal attack is discovered, in investigating hold-up alarms, and in other unusual or emergency circumstances. It might be noted, however, that, owing to the inherent and necessary fragility of the protective apparatus on the customers' premises, false alarms frequently result from a great variety of accidental causes such a vibration, wind, dampness, etc., with the genuine alarm by reason of criminal attack being the relatively rare exception. Thus in a large city territory, it has generally been found impracticable to call upon the police to make the initial investigation of all alarm signals.

[Prepared under the direction of Mr. Henry C. Ward], Stipulation No. 1.

[fol. 2949] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 285

NEW YORK

This copy for Mr. —

October 5, 1953

Commercial Superintendents

Proprietary Systems

Please give earnest consideration to the following questions, and send me your replies as soon as practicable:

1. What is the potential in your district today for proprietary systems?
2. Are proprietary systems a threat to our central station business?
3. If you were to have a proprietary system to sell, would you like to have the in.pulse type of PNI succession, similar to Autocall-Howe; or would you prefer the Gamewell PNI succession type?
4. Is there a real market for proprietary systems in your district? If so, list likely prospects.

A. E. Smith, General Commercial Manager

GC

[fol. 2950-2964] Mr. Smith This may help you. Proprietary Systems

Summary of replies

	Potential in district	Threat to Central station business?	If available what preference. Autocall-Howe? Gamewell?		Is There a real market. What prospects
Hall	Quite limited	No	No preference	No	Lists none
Betscher	No direct reply	Does not think so	Does not know	No	" "
Simpson	Quite limited	No	Autocall-Howe	No	Harding Glass—Ft. Smith Marine Hospital—Galveston
Bodley	30 plant potential	Little if any	Autocall-Howe	No	Lists none
Hagan	Low	No	" "	No	" "
Chafee	Little if any	No	Gamewell	No	" "
Cook	Little or none	No	Does not know	No	" "
Heisley	Comparatively small	No	Autocall-Howe	Limited	" "
Hoyle	None	No	Gamewell	No	" "
White—Francis*	Negligible	No	Autocall-Howe	Government installations only	
Dooley	Very limited	No	3 Autocall-Howe 3 Gamewell	No	Nothing active

*See Mr. Francis letters of Oct. 30 and January 23.

[T. Young], Stipulation No. 1

[fols. 2965-2966] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 286

WATCHMEN'S REPORTING AND MANUAL FIRE ALARM SERVICE PERFORMANCE

ADT 1960

99-99/100% Immunity 204,433 Signals

Your watchman shoulders a tremendous responsibility. To protect your property and even the continuance of your business, he must remain alert through long, boring hours, and be able to act quickly and intelligently should an emergency arise. The safety of your entire organization and the jobs of your employees may actually depend upon his efficiency.

No matter how capable your watchman is, he needs effective support. ADT Watchman's Reporting and Manual Fire Alarm Service protects the watchman by investigating any failure to signal the ADT Central Station on schedule, and by providing him with means for summoning emergency assistance.

Proof of the effectiveness is evidenced by the low rate of fire losses in properties protected by ADT-supervised watchmen:

In 1960, the ratio of fire losses to reported values protected was 1/100th of 1%.

During the past ten years the average fire-loss ratio was 2/100ths of 1%—a fire-loss immunity of 99 and 98/100ths %

Sick or otherwise disabled	1,148
Missing	203
Forgot to signal or overlooked time	37,387
Asleep	1,497
Intoxicated	112
Gone home	1,691
Late reporting for duty	1,340
Watching suspicious persons	473
Busy with other duties	43,205
Ordered not to turn in signal	476
Building locked, could not get in	438
Denied failure	19,913
Refused to give reason	3,567
Access to station obstructed	3,643
Weather prevented	2,459
Watch slow or stopped	2,833
Plant in operation	14,391
New watchman, unfamiliar with route	3,056
Changes in schedule	22,207
Miscellaneous other causes	44,394
Total	204,433

Each of the 204,433 cases of watchman's failure listed above was promptly investigated, to restore regular and orderly patrols.

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[fols. 2967-2968] BURGLAR ALARM SERVICE

PERFORMANCE

ADT 1960

99-99/100% Immunity 1,880 Captures

The proud record of captures shown by the figures on the right is only partial evidence of the highly effective teamwork of police and ADT forces in curbing the activities of burglars and holdup men.

Most impressive of all is the effectiveness of ADT Burglar Alarm Service in minimizing burglary losses, as shown by the following figures for 1960:

Total reported values protected by ADT burglar alarm service:

$8,020,113,000*

Ratio of losses in attacks on ADT Protection to values protected:

1/100th of 1%

Burglary-loss immunity:

99 and 99/100ths %

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* Not including the ADT-protected values in banks and vaults, the U.S. Treasury, 22 Federal Reserve Banks and branches, the U.S. Mints, and the U.S. Bullion Depository at West Point, N. Y.

Attacks on ADT Protection	3,794
Entrances effected	2,353
Captures in response to burglar alarms	1,721
Captures in response to holdup and other emergency alarms	159
Total captures during the year	1,880
Alarms caused by policemen and others trying unlocked doors	1,811
Alarms caused by firemen forcing entry in performance of duty	277

Over a ten-year period, losses on ADT-protected properties have averaged only 1/100th of 1% of the values protected, giving ADT subscribers an immunity to burglary loss of 99 and 99/100ths %.

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[fol. 2969] SPRINKLER SUPERVISORY AND WATERFLOW ALARM SERVICE

PERFORMANCE

ADT	1960
99-99/100% Immunity	251,757 Signals

Automatic sprinkler systems, universally recognized as the most effective fire protection ever developed, act fast to extinguish or control a blaze. But without adequate water, the system may become partially or totally ineffective.

ADT Sprinkler Supervisory and Waterflow Alarm Service maintains a constant check on vital points of the sprinkler system. Abnormal conditions that might impair the water supply are instantly and automatically reported to the ADT central station for corrective action. Fire-fighting forces are summoned, automatically, when the system operates.

The effectiveness of ADT-supervised sprinkler systems in keeping fire and water damage to a minimum is proved by the low losses in relation to the reported values of properties protected in 1960.

Reported values of properties protected:

$24,991,767,000

Ratio of losses to reported values:

1/100th of 1%

During the past ten years the ratio of annual losses to property values protected has averaged 2/100ths of 1%, an immunity from fire and water loss of 99 and 98/100ths%.

During 1960, ADT central stations received and acted upon 251,757 signals from supervised sprinkler systems in thousands of properties of all types throughout the country. Any of these conditions, if not promptly detected, might have seriously affected the operation of the sprinkler system when needed to combat fire.

Waterflow alarms (fires or serious leaks)	4,933
Manual fire alarms	133
Closed shut-off valves	70,995
High or low air pressure in dry-pipe systems	43,485
High or low air pressure in pressure tanks	10,525
High or low water in gravity, pressure or surge tanks	13,500
Low temperature in gravity or surge tanks	4,918
Fire-pump power supervisory signals	9,635
Other supervisory signals	28,514
Sprinkler system maintenance work	65,119
Total	251,757

[fol. 2970] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 287

Mr. A. E. Smith, Vice President
Mr. A. W. Sullivan, Director,
Public Relations Dept.

June 6, 1957.

Mr. E. Gaston
President

On the occasion of my luncheon engagement with Frank Guibert on June 5, he told Mr. Sullivan and myself that the question of additional burglary insurance credits for local alarm service with central station connection was high on the agenda of the National Burglar Alarm and Fire Alarm Association at its convention held recently in Colorado Springs.

Mr. Guibert said that, as usual, Mr. McDowell was the principal advocate for this arrangement and that, as nearly as he could judge, there was no great show of interest in the arrangement on the part of most of the NBAFA members. McDowell represents that there is necessity for such action on the part of the central station companies

in order to combat competitive encroachments by telephone answering services.

On this subject, Guibert seemed somewhat mixed in his own views. Based upon his previous talks with you, he appears to recognize that the arrangement is not in the long term interest of the central station industry. On the other hand he appears to feel that it may be necessary for central station companies to engage in this practice if they are not to surrender a good deal of business to telephone answering companies without a struggle.

Guibert remarked that there were something like 275 local fire and burglar alarm installations in the Newark area alone connected to telephone answering services. I asked Mr. Guibert to consider the number of purely local alarm installations of both burglar and fire alarm variety that may have been installed in the Newark area within the same period of time that did not give him any particular cause for concern, and reminded him that of the 275 connections that troubled him, must lie very many of such doubtful credit and stability as to constitute more of a business liability than an asset.

Both Mr. Sullivan and myself sought to convince Mr. Guibert of the validity of all the many arguments that go to suggest that the arrangement primarily sponsored by Mr. McDowell constitutes protection of a completely dubious nature calculated in the long run to bring to the central station industry a large measure of price demoralization and overall discredit. We reminded Mr. Guibert, further, that all the present discussions of his association may well come to nothing, since it seems unlikely that the underwriters' laboratories would seriously consider an ex-[fol. 2971] tension of burglary insurance credits for the purpose.

Guibert said that he had heard of certain instances in which the local insurance broker had allowed credits for just an application. Mr. Sullivan's observation was to the effect that if the facts in any such situation could be clearly developed and supported, he would be glad to lend a hand in putting a stop to the practice.

It was of passing interest to hear Mr. Guibert's statement that several of the independent central station com-

panies were presently engaging in the practice of supplying telephone answering services.

First Vice President, [J. A. MacDonald] Stipulation No. 1.

MRH

CCs: Mr. A. E. Smith, Mr. A. W. Sullivan.

[fol. 2972] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 288

MINUTES OF THE BURGLARY RATING COMMITTEE

April 25, 26 & 27, 1950.

(4) Mercantile Premises Burglar Alarm Systems—Countrywide.

The Central Station Burglar Alarm Companies have long complained that the premises alarm system discounts on manual page OS 24 do not properly recognize the better and much more expensive central station service. On the basis of cost and rate reduction it is relatively easy to sell the local alarm in place of the central station. It is self evident that the cost of maintaining a central station company is much more expensive and higher rates must be charged.

Present day operating costs are such that the central station companies feel something should be done at once with the rate discount table to properly recognize their system. They propose consideration of the following table of premises alarm system discounts.

		Present				Proposed			
		Class A		Class B		Class A		Class B	
		Grade and Below Grade Floors	Above Grade Floor	Grade and Below Grade Floors	Above Grade Floors	Grade and Below Grade Floors	Above Grade Floor	Grade and Below Grade Floors	Above Grade Floors
Central Station Installation with Keys	(1	60	70	50	60	60	70	50	60
	(2	50	60	40	50	50	60	40	50
	(3	30	35	25	30	40	50	30	40
Central Station Installation without keys	(1	45	52	37	45	50	55	45	50
	(2	40	47	32	40	40	45	35	40
	(3	25	30	20	25	30	35	25	30
Local Installation	(2	30	35	25	30	30	35	25	30
	(3	20	25	15	20	20	25	15	20

Although Underwriters' Laboratories is not interested in rate discounts, the Staff feels that the standards set up for central station service, which are closely maintained

under Laboratories supervision, do provide a type of burglar alarm service much superior to the locals.

The burglar alarm companies recognize that the discount for a number 1 system with keys is maximum and cannot be increased. They do feel that the superior and vastly more expensive service they render should be recognized by the underwriters.

The suggested changes in the "no key" discounts involve relatively small increases and one reduction. This "no key" service is just as expensive to provide as "key" service and is felt to be very much superior to the local service.

As respects the "key" discounts the suggested increase is for the number 3 system. This involves a good percentage of the alarm systems and is where the central station companies feel they are placed at a competitive disadvantage with the present discounts.

The experience of the men's and boys' wear, women's and girls' wear and furs and pelts together with a number of other classifications is very favorable. It would seem to be an opportune time to encourage such risks to install central station alarms which would improve the risks physically. [fol. 2973] The following letter on this subject has been received:

Controlled Companies of
AMERICAN DISTRICT TELEGRAPH COMPANY
Executive Offices, 155 Sixth Ave.
New York 13, N. Y.

March 9, 1950.

Mr. L. A. Sawyer, Manager
Burglary & Plate Glass Division
National Bureau of Casualty Underwriters
60 John Street
New York 7, N. Y.

Dear Mr. Sawyer:

The American District Telegraph Company and Holmes Electrical Protective Company have long recognized that prevention of excessive burglary loss results in large measure from the adoption of adequately controlled ele-

ments and that such controlled elements depend in turn on constant supervisory vigilance. Central Station Burglary Detection Service suffers because the present inadequate discount allowance utterly fails to reflect its superiority over the cheaper unsupervised control elements.

The History of continually increasing operating costs from all those familiar factors which affect business today, including a constant tightening of the regulations as specified by the National Bureau of Casualty Underwriters and the Underwriters' Laboratories has resulted in tremendously increased cost of operation. The present discount has reacted to the detriment of approved Central Station Supervisory Service and favorably to unsupervised elements.

The value of approved Central Station Burglar Alarm Service in protecting premium income suggests there is needed a substantially clearer definition of relative merits of Burglar Alarm controlled instruments and the definition should in fairness to the underwriters be such as will recommend the superior protection derived from Central Station Service to the protective buyer.

The results obtained from the American District Telegraph Company's and the Holmes Electrical Protective Company's long experience in operating approved Central Station Burglar Alarm Service justifies the more equitable discount schedule enclosed proposed by both operating Companies, which will afford a wider spread between approved Central Station Service and Local Alarm Systems.

We trust this matter will receive early attention and favorable consideration.

Respectfully, (signed) J. L. Husman, Vice President.

[fol. 2974] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 289

HOLMES ELECTRIC PROTECTIVE COMPANY
370 Seventh Avenue
New York 1, N.Y.

H. C. Ward
President

October 10, 1952.

Mr. Roger T. Clapp, Secretary & Counsel,
Grinnell Corporation
260 West Exchange Street,
Providence 1, Rhode Island.

Dear Roger:

This is in reply to your letters of September 27th and October 1st in regard to the material which you propose to send to Lima.

As you are undoubtedly aware, certain of the questions asked in your letter of September 27th are difficult to answer on any very precise basis. I turned them over, however, to Cy Empringham, with the suggestion that in dealing with question number one in so far as dollar values are concerned, he approach the matter, in line with your thought, on the basis of the approximate revenue and operating expense figures currently in effect here. While we, of course, have no idea of comparative cost levels in Lima, perhaps variations between here and there would be reflected about equally in both revenue and expense estimates so as to cancel out for all practical purposes on both sides of the equation. Mr. Empringham's memorandum, prepared with these thoughts in mind, is enclosed and I hope his notes are in sufficient detail for your purpose.

I think your general description, a copy of which you enclosed with your letter of October 1st, covers the situation very well and would certainly be more readily understandable to the non-technical reader than the information which we prepared. I have, however, two minor comments with respect to your story.

In your reference on Page 2 to the use of holdup alarm service by banking institutions, one might infer that such supplemental protection is used only by this class of customer, whereas in New York it is widely employed throughout the fur and jewelry business as well as in many other mercantile classifications subject to the holdup hazard. Actually, and on a numerical basis, mercantile customers using our central office holdup alarm service outnumber bank users in a ratio of about 3 to 1.

Your list of questions starting at the bottom of Page 3 seems to me to cover the most important questions which would have to be considered in planning the establishment of a central office service under the conditions in view. I would think, however, that in connection with Point No. 5 it might also be advisable to ask for information as to labor union conditions or requirements, and as to any existing labor laws or regulations dealing with such matters as hours of work, overtime requirements, vacation and holiday provisions, etc.

Yours very truly, H. C. Ward, President.

HCW:HF

Enc.

[fol. 2975] October 8, 1952.

Memo to Mr. Ward:

In re: Supplemental Data on Central Office Burglar Alarm Service, as requested in Mr. Clapp's letter of September 27, 1952.

1. The cost of establishing a Central Office on a paying basis would vary considerably depending upon the concentration and type of customers in the area the service is to be furnished. Roughly speaking, we would estimate that a minimum of 300 lines would be required. Since the average small retail store, manufacturing loft, or private residence requires only one line, this would mean 300 customers if all were of that type.

Since, however, the protective needs of the usual warehouse, larger manufacturer, or bank result in more extensive installations at higher rates, the minimum gross revenue necessary to produce a "break-even" point might,

for example, result from a total of about 260 customers of whom 230 might be of the small mercantile or residence type, with 15 larger users and 15 banks.

2. The effect of Central Office electric protection on burglary insurance premiums will vary considerably depending upon the type of insurance and the class of merchandise.

With respect to burglary insurance, the discount for approved Grade "A" installations will range from 40% to 70%, and on an arithmetical average per customer will amount to about 45%. Here are two examples applying to New York County illustrating typical wide variations as to such discounts:

a. A furrier is required to carry a minimum of $40,000 coverage in order not to be a co-insurer where his inventory is in excess of that amount. The annual premium cost for this amount of insurance amounts to $660.00. The typical installation for a furrier with this amount of merchandise would warrant a discount of 60% or a reduction in the premium of $396.00 per year which, in many cases, will pay for the electric protective service, excluding the initial cost.

[fol. 2976] b. In the case of a cheaper line, such as cotton goods, the premium cost for $5,000 coverage, which is all that is required so as not to be a co-insurer, is only $37.50 per year, so that any discount for Central Office protection would be a negligible factor.

In this connection, we might add that last year we issued approximately 10,600 Underwriters' Laboratories' certificates as against, roughly, 14,000 customers. In other words, many of our customers in taking the service are influenced by other factors than burglary insurance requirements or credits.

3. With respect to the inquiry regarding a typical retail jewelry store, we have selected one on Madison Avenue in New York, which is one of the better shopping centers. We find that they pay a rental of about $6,000 per year and that the inventory might average $75,000. Generally speaking, such a merchant would be insured under a form

of Inland Marine Insurance known as Jewelers' Block which indemnifies him against losses of burglary, theft, larceny, and robbery. In some cases they also cover fire losses, but excluding the fire coverage, the premium rate would be about 1% or $750 per year. The discount for Central Office electric protection would be only about $150 since the burglar alarm services reduces the burglary hazard only, and this usually is a small part of the total risk insured against. Obviously then, the reduction of the burglary insurance premium is not the motivating factor in prompting a jewelry merchant of this type to buy burglar alarm service. Such a merchant probably subscribes to Central Office electric protective service for two primary reasons: First, he finds it very difficult to obtain proper insurance coverage without it, and secondly he would be running the risk of serious interruption to his business should he sustain a substantial loss even though covered by insurance.

We do not believe that any inquiries made to a branch office of a New York bank would in any way affect our business relationship here.

C. K. Empringham, Sales Manager.

[fol. 2977] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 291

BETTER PROTECTION

Astute business executives are constantly proving that it Pays 2 Ways to Protect Property Automatically

LOWER COST

Here is a typecal example: Officials of an Eastern industrial concern recently made a study of their protection expense. They were amazed to discover that the cost of patrolling one watchman's route—nights, Saturdays, Sundays, holidays and vacation periods—*was more than $10,000 a year.*

Upon the advice of their insurance broker, they called in an ADT representative to explain the advantages of ADT Automatic Protection. A survey revealed that the firm not only could reduce its protection costs substantially but, in addition, the plant and its continuity of operations would be much better protected.

This same discovery is being made every day by prudent businessmen who are striving to combat today's high costs.

Thousands of firms, large and small, now protect their properties with appropriate combinations of ADT Automatic Protection Services: Automatic Fire Alarm, Sprinkler Supervisory and Waterflow Alarm, Burglar Alarm, and Automatic Heating and Industrial Process Supervision.

There's no need to gamble with human frailties when you can protect your property and your profits with systems that stand guard 24 hours a day to detect and report dangerous conditions *automatically.*

May we explain how ADT Automatic Protection can be applied to help you. Telephone the ADT Central Station in your city or write to our New York Executive Offices.

ADT
Controlled Companies of
AMERICAN DISTRICT TELEGRAPH COMPANY
Executive Offices: 155 Sixth Avenue, New York 13, N. Y.
A Nationwide Organization

[fol. 2978] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 292

November 28, 1956.

Mr. J. J. Stephens, Director of
Diversification & Expansion

San Jose Peninsula Survey

The recommendations outlined in the above survey are to gradually extend Central Station services southward from the present San Francisco service area to San Jose, a distance of about 35 miles, with 6 or 8 special guards spotted appropriately through the length of the area. An estimated $130,000. in new annual revenue during the next 5 years is based on 327 prospects listed in section A.

73% of the prospects listed are for BA services and with one exception the anticipated per Subscriber revenue is below the present area BA average of $690. per subscriber. Based on the types of business listed, approximate values, and the anticipated annual service charge, I would estimate that 70% would fall in the Local or direct-connected Burglar Alarm field.

Geographically, the percentage ANSC breakdown of present Subscribers and Prospects in this area is as follows:

Cities	% Present ANSC	% Predicted ANSC
Palo Alto	19	17
Redwood City	5	15½
Sunnyvale	4	15
San Jose	43	13
Belmont	3	12½
Mountain View	2	12½
San Carlos	9	9½
Santa Clara	8	5
	93	100
Other Cities	7	

[fol. 2979] From a Central Station standpoint, the length of the peninsula area to be served would seem to require high wire facility and special guard costs in addition to higher-than-normal difficulties in circuit and transmission operation.

I believe that further investigation should be made of the feasibility of the following suggestions:

1. Telephone Answering Service (if available) at Palo Alto with special combination guard-repairmen to serve Belmont, San Carlos, Redwood City, and Menlo Park on the west plus Sunnyvale, Los Angeles, and Mountain View on the east. The Telephone Answering Service at Palo Alto would then be the center of an 8-mile radius serving 42 Subscribers and 42% of the present ANSC in the peninsula and 82% of the prospective revenue.
2. Telephone Answering Service at San Jose with special combination guard-repairman to serve both San Jose and Santa Clara, which have 42 Subscribers and 51% of our present ANSC in the peninsula and 18% of the anticipated new revenue.
3. The western end of the peninsula, adjoining San Francisco and including the cities of Millbrae, Burlingame, San Mateo, and Hillsdale, can be served from the San Francisco Central Office if there is sufficient demand for Central Station service. At present there are 5 Subscribers and 7% of the present peninsula ANSC is in this area; no prospects for additional revenue are listed.
4. Intensified sale of Reliance (Detroit) type local Burglar Alarm service is indicated to serve the estimated 70% or 164 of the burglar alarm prospects listed.

The Telephone Answering services at Palo Alto and San Jose would enable us to render sprinkler and industrial supervisory services. The 7 Night Watch prospects listed could be handled by delinquency type equipment connected to the Palo Alto Telephone Answering Service. Burglar Alarm Subscribers requiring either regular or irregular opening and closing reports could be connected to the telephone answering services. The two special combination guard-repairmen could handle trouble closings and duties similar to those rendered with standard central station service.

Present direct-connected Subscribers could be served with additional supervisory service without changing present equipment. The present direct connections to fire and

police headquarters would remain, with the possibility of future additions, and the Telephone Answering Service would act as a clearing station for the various types of supervisory services required.

[fol. 2980] The outlined recommendations, if feasible, would provide a temporary method of rendering service in the peninsula area until the practicability of central station automation plans are determined and a more realistic central station potential can be evaluated after intensified sales coverage.

G. E. Friedli, Associate Director of Diversification & Expansion.

GEF:hm

[fol. 2981] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 294

CLEVELAND, OHIO

September 2, 1954.

Mr. A. E. Smith
General Commercial Manager
New York Office

Competition—Cincinnati, Ohio

I attach Mr. Hopf's letter dated August 30th which concerns competition involving a Cincinnati Fire Detection, Inc., Sperling Automatic Fire Alarm, and Fire Protection Engineering Co., and the Notifier Fire Alarm.

Over the past years, from time to time, independent fire detection systems have attempted invasion of the Cincinnati Fire Department with direct-connect. At times a great deal of pressure has been brought to bear and the Cincinnati authorities have been receptive and then have cooled off. It seems that this offensive could not be held off indefinitely and the Fire Department is now taking steps to permit others to furnish direct-connect service.

There is at least one thing I am glad for and that is so many have applied all at once. The quickest way, in my

estimation, for the matter to die out is to let everybody in at once and then sooner or later they will be glad to depend upon us as they have during the past several years.

Unfortunately, there seems to be a growing tendency on the part of prospects and city authorities to discuss our organization and qualify us as charging too much for the service we render and this has no doubt prompted the Cincinnati Fire Department to encourage or to conform to the interests of others.

We have outlived many attacks of this kind and I do not fear this one. It will give us trouble for a short length of time and then die out as it recently did in Columbus, Ohio.

Very truly yours, C. L. Crafee, Commercial Superintendent.

CLC:VH

enc.1

[fol. 2982] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 295

October 25, 1957.

Mr. J. J. Stephens

Mr. A. E. Smith
Vice President

San Diego, California

This is in response to your memo of October 22 captioned as above. I, too, concur in the recommendations in the final paragraph of Mr. Stephens' letter of October 14 to you. I think the decision might well be passed on to our district officials as an indication that we look to them to make appropriate recommendations and to remain alert to the possibilities likely to affect the Company's future in their areas.

You ask my views on the suggestion that we consider purchasing the San Diego Burglar Alarm Company. I remain old-fashioned respecting our entry into the local

alarm field on a large scale. I know that we have profitable local alarm business around the country; also that we have a reasonably large burglar alarm operation in Detroit. Nevertheless, I do not feel that we should buy local alarm companies or seek to enter the local alarm field. I recognize that you may consider that a special situation exists at San Diego. You have not developed the thought but you may feel that the purchase of the local company at San Diego would establish us so that we could preclude someone else from establishing central station service before we had the opportunity of doing so. It sounds like a considerable gamble with questionable returns and on the basis of the meager information I have on the subject, I would be disinclined to consider the purchase.

Apropo of nothing at all, you might be interested in the attached which you will note was sent me by Charlie Marron. I suppose it would be simple to draw an analogy between Los Angeles in 1905 and San Diego in 1957 but I doubt that either one of us would want to risk much money on the likelihood of history repeating itself.

E. Gaston, President.

MT

[fols. 2983-2984] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 296

Know All Men By These Presents That the United Electric Service Company, a corporation, of the State of New York, party of the first part, for and in consideration of the sum of One Dollar ($1.00), lawful money of the United States, and other valuable considerations to it in hand paid at or before the ensealing and delivery of these presents by the National District Telegraph Company, also a corporation of the State of New York, party of the second part, the receipt whereof is hereby acknowledged, has *bargained and* sold, and by these present does grant, convey, assign, transfer and set over unto the party of the second part, its successors and assigns, free and clear of all liens and encumbrances, all of its plant, equipment and other physical property of whatsoever kind and nature and wheresoever situ-

ated, wh[illegible] in the streets, in central stations, in subscribers' premises or elsewhere, including wires, cables, tools, vehicles, instruments, apparatus, appliances, devices, machinery, furniture, materials and supplies, *together with* all its right, title and interest in, under and to all leases of wires, circuits and/or cables, rights of way, consents, permissions and licenses from private corporations, individuals and property owners, all its patents, applications for patents and licenses under patents, all its cash on hand and in banks, its choses in action, notes, bills, claims, judgments, book and other accounts receivable from subscribers, patrons or others, and its contracts with subscribers for service;

To Have and To Hold the same unto the said party of the second part, its successors and assigns forever.

* * * * * * *

[fol. 2985] In Witness Whereof, The party of the first part has duly executed this instrument under its seal this 22 day of July, 1931.

United Electric Service Company, By C. G. Johnson, President,

Attest:

E. A. Ward, Secretary.

[fol. 2986] In the United States District Court

Government Exhibit No. 297

This Agreement made this 26th day of March, 1930, by and between Auxiliary Fire Alarm and Telegraph Company, a Pennsylvania Corporation, of the first part, (hereinafter called the "Vendor"), and Philadelphia Local Telegraph Company, also a Pennsylvania Corporation, of the second part (hereinafter called the "Vendee");

Witnesseth:

1. Vendor agrees to sell and Vendee agrees to purchase all of the assets and franchises of Vendor as more particularly described in the Bill of Sale attached hereto, free and clear of all liens and encumbrances.

2. Settlement is to be made on or before July 1st, 1930, at which time Vendor will execute a Bill of Sale in the form attached hereto, and Vendee will pay the consideration money.

3. Vendee has deposited with C. S. Newhall and John J. Hoffecker as Trustee, the sum of $25,000.00 on account of the purchase price hereinafter mentioned. Should the Vendee default in the performance of the terms and provisions of this agreement, without fault on the part of the Vendor, the said sum of $25,000. may be retained by the Vendor as and for liquidation damages, and the Trustees shall pay said sum to Vendor upon the determination of such default. In the event that Vendor fails to make settlement according to the terms of this agreement within the time stipulated, the said sum of $25,000.00 is to be returned to Vendee, and no further liability shall attach to either party as a result thereof.

[fols. 2987-2988] 4. The price to be paid by the Vendee is $278,480.40.

* * * * * * *

[fols. 2989-2990] Know All Men By These Presents that the Auxiliary Fire Alarm and Telegraph Company, a corporation of the state of Pennsylvania, party of the first part, for and in consideration of the sum of ———— dollars ($————), lawful money of the United States, and other valuable considerations to it in hand paid at or before the ensealing and delivery of these presents by the Philadelphia Local Telegraph Company, also a corporation of the state of Pennsylvania, party of the second part, the receipt whereof is hereby acknowledged, has *bargained and* sold, and by these presents does grant, convey, assign, transfer and set over unto the party of the second part, its successors and assigns, free and clear of all liens and encumbrances, all of its plant, equipment, and other physical property of whatsoever kind and nature and wheresoever located, whether in the streets, in central stations, in subscriber's premises or elsewhere, including wires, cables, tools, vehicles, instruments, apparatus, appliances, devices, materials and supplies, *together with* all its right, title and interest in, under and to all leases of wires, circuits and/or cables, rights of way, consents, permissions and licenses

from private corporations, individuals and property owners, all its franchises, patents and licenses under patents, all its cash on hand and in banks, its choses in action, bills, claims, judgments, book and other accounts receivable from subscribers, patrons or others, and its contracts with subscribers for service;

To Have And To Hold the same unto the said party of the second part, its successors and assigns forever.

And the said party of the first part does for itself, its successors and assigns for said consideration covenant and agree to and with the said party of the second part, its successors and assigns as follows:

* * * * * * *

[fol. 2991] Fifth: That within one (1) year from the date hereof said party of the first part will pay all taxes levied and/or assessed against it, will pay all of its debts and will procure its dissolution as a corporation pursuant to the laws of the state of Pennsylvania.

In Witness Whereof, the party of the first part has duly executed this instrument under its seal this —— day of March, 1930.

Auxiliary Fire Alarm and Telegraph Company, By ——, ——, President.

Attest: ——, ——, Secretary.

O.K. (Signed) R.H.O., 3/25/30.

J.J.C., Mar. 25 '30.

[fol. 2992] This Agreement, made and entered into the 25th day of March, 1930, by and between the Philadelphia Local Telegraph Company, a corporation of the State of Pennsylvania, hereinafter called the "Local Company", and the Holmes Electric Protective Company of Philadelphia, a corporation of the State of Pennsylvania, hereinafter called the "Holmes Company".

Witnesseth:

Whereas, the "Local Company" proposes to purchase all of the plant, equipment and other physical property of whatsoever kind and nature and wheresoever located, whether in the streets, in central stations, in subscribers'

premises or elsewhere, including wires, cables, tools, vehicles, instruments, apparatus, appliances, devices, materials and supplies, together with all the right, title and interest in, under and to all leases of wires, circuits and/or cables, rights of way, consents, permissions and licenses from private corporations, individuals and property owners, all franchises, patents, and licenses under patents, all cash on hand and in banks, choses in action, bills, claims, judgments, book and other accounts receivable from subscribers, patrons or others, and contracts with subscribers for service, of the Auxiliary Fire Alarm and Telegraph Company, upon the terms and conditions set forth in a proposed agreement for purchase to be executed by said Auxiliary Fire Alarm and Telegraph Company, and the "Local Company" a copy of which is hereto annexed and made a part hereof and marked "Exhibit A".

Now, Therefore, for and in consideration of the sum of One Dollar ($1.00) to each of the parties hereto paid by the other, the receipt whereof is hereby acknowledged, and of the mutual covenants and agreements hereinafter contained, the parties hereto mutually covenant and agree as follows:

First: The "Local Company" hereby agrees to sell, assign, transfer and set over unto the "Holmes Company", [fols. 2993-2994] and the "Holmes Company" hereby agrees to purchase all of that part of the physical property mentioned and described in "Exhibit A" aforesaid which is in use in the furnishing of burglar alarm service, as and when the said property is acquired by the "Local Company" from the Auxiliary Fire Alarm and Telegraph Company, (but without warranty as to title) together with all subscribers' contracts for burglar alarm service, and all cash on hand and in banks and all physical property excluding that used exclusively in connection with the furnishing of night watch and fire alarm service.

* * * * * * * *

Contract Form No. 31-SM

GOVERNMENT EXHIBIT No. 298

Fire Protection Services Since 1873

AUTOMATIC FIRE ALARM COMPANY

120 WEST 42 STREET, NEW YORK 36, N. Y.

SPRINKLER VALVE ALARM SERVICE CONTRACT

Agreement made this ..... day of ..... 19.....

by and between the AUTOMATIC FIRE ALARM COMPANY, of 120 West 42 Street, New York 36, N. Y., a New York Corporation, hereinafter called the "Contractor" and .....

of ..... a ..... corporation hereinafter called the "Subscriber".

WITNESSETH: that for the considerations and covenants hereinafter specified, the parties hereto do, for themselves, their successors and assigns, mutually covenant and agree as follows:

1. The Contractor having equipped the Sprinkler System now installed in the premises of the Subscriber at .....

.....

in the City of New York and State of New York, with an Automatic Sprinkler Valve Alarm Signaling System and connected same to an operating Central Station in accordance with the Rules and Regulations of .....

or having caused same to be so equipped and connected, it is understood and agreed that the said Signaling System, including all devices, instruments, and appliances and all connections, wires, conduits, and other materials associated therewith, is and shall be and remain property owned solely by the Contractor.

2. The Contractor agrees, subject to the terms and conditions hereof, to maintain said Signaling System in good working order, or cause same to be so maintained, for the term of this contract, the electric current and water for such maintenance to be furnished by the Subscriber through the Subscriber's meters and at the Subscriber's own expense.

3. The devices with which said Sprinkler System is equipped include:
   Automatic Sprinkler Waterflow Signaling Devices on all alarm valves now installed,
   Automatic Water Level Signaling Devices on all sprinkler gravity tanks now installed,
   Automatic Pressure Signaling Devices on all sprinkler pressure tanks now installed,
   Required Transmission Devices and special building signal box or boxes.

4. The Subscriber hereby agrees that all alarm valves, tanks or other elements of the Sprinkler System as now installed are, or will be corrected so as to be, acceptable to the insurance and any other authority having jurisdiction when equipped with the Contractor's signaling devices.

5. The Subscriber agrees to pay the Contractor, its authorized agents or assigns, the sum of .....

..... Dollars ($.....)

per annum, annually in advance, for the period of five years from..... and annually in advance thereafter unless this contract is terminated at the end of the fifth, or until terminated at the end of any subsequent, contract year by written notice of such termination given by either party at least sixty days prior to the end of such year. While this is the contract of the Contractor and the Subscriber exclusively, the Contractor, until further notice, authorizes the Subscriber to make to the A. D. T. Company, Inc., of New York, N. Y., any payments herein provided for which are for service rendered through that company's Central Station.

6. The Subscriber authorizes and empowers the Contractor, its agents or assigns, to maintain said signaling system in good working order, and to make inspections and tests thereof and repairs thereto and to make at the expense of the Subscriber any changes in or alterations to said signaling system made necessary by replacements or changes in or alterations to said sprinkler system. If the sprinkler system is extended and additional signaling connections or devices are required by the insurance or any other authority having jurisdiction, or in case any such authority requires additional connections or devices for any reason, the Subscriber agrees to pay the cost thereof and to pay annually an additional sum, computed at Contractor's then current rates, for the maintenance of the additional connections and/or devices so required.

7. It is agreed that all installation, alteration, maintenance and other work, including inspections and tests of said system, shall be performed during regular daytime business hours, exclusive of Saturdays, Sundays and holidays, unless the Subscriber otherwise directs in which case the Subscriber hereby agrees to pay the Contractor any increased cost resulting therefrom.

8. Upon the termination of this contract by lapse of time, default in the making of any payment herein provided, or otherwise, the Contractor may at any time, without notice and without obligation to repair or redecorate any portion of said premises, remove, or may at any time by mailing written notice to that effect addressed to the Subscriber at said premises abandon, said signaling system or any part thereof, including any and all devices, instruments, appliances, and appurtenances, and all connections, wires, conduits, and other materials associated therewith. Such termination, removal or abandonment shall be without liability on the part of the Contractor and shall not constitute a waiver of, or otherwise affect, any of the Contractor's rights or remedies as to charges accrued hereunder, damages, or otherwise.

9. This contract may be terminated at any time and without previous notice, at the option of the Contractor and without liability of any sort on its part, in case the Central Station through which the service is rendered, the connecting wires, equipment in Subscriber's premises, or other facilities are destroyed by fire or otherwise, or so substantially damaged that it is impracticable to continue service, or in case the Contractor is unable either to secure or retain the connections or privileges necessary for the transmission of signals by means of conductors between the Subscriber's premises and such Central Station or between such Central Station and the municipal fire department, and may likewise be terminated by the Subscriber in the event that his or its said premises are so destroyed or damaged.

10. If the Subscriber shall default in the making of any payment herein provided for or fails to comply with any of the other terms, conditions, or covenants of this contract, the Contractor may give the Subscriber ten days' written notice of intention to terminate this contract and thereupon at the expiration of said ten days (if such default continues) this contract shall terminate and the Contractor may in all respects discontinue the service. Such notice shall be deemed to be sufficiently given if delivered to the Subscriber personally, or sent by registered mail postpaid and addressed to the Subscriber at said premises; and the time of giving such notice shall be deemed the time when same is delivered or mailed as aforesaid.

11. The Contractor's obligations shall relate solely to said Signaling System and it shall in no way be obligated to maintain, repair, service, alter, replace or operate, nor shall it be in any way responsible for the condition or operation of, any equipment, device, or property of any sort of the Subscriber or others.

12. It is agreed that neither the Contractor nor A.D.T. Company, Inc. is an insurer; that the payments hereinabove provided for are based upon the cost of rendering the services hereunder and the extent of the liability of the Contractor and of A.D.T. Company, Inc. as hereinbelow limited; that in the event of a default on the part of the Contractor or A.D.T. Company, Inc. in the performance of any of the obligations of either of them hereunder, whether by way of non-performance or negligent performance or otherwise, and a resulting loss, or in any other event resulting from the relationship hereby created, the liability of either the Contractor or A.D.T. Company, Inc. shall not exceed the sum of $50.00, or a sum equal to 10% of the then current annual service charge hereinabove provided for, whichever is greater, and such limited liability shall be exclusive.

13. The Contractor assumes no liability for delays in installation or alterations of the equipment, or for interruptions of service due to strikes, riots, floods, fires, acts of God, or any cause beyond its control, and will not be required to supply service while any such delay or interruption shall continue.

14. Any tax applicable to, based upon, or measured by the receipts from or amount paid for service rendered by the Contractor hereunder, and payable by the Subscriber, shall be paid by the Subscriber as an addition to the respective amounts otherwise payable by the Subscriber as herein provided.

15. This contract may be assigned by the Subscriber provided the written consent of the Contractor is first obtained, which consent shall not be unreasonably withheld and shall be conditioned upon the assignee's agreement, in form satisfactory to the Contractor, to make the payments herein provided and to perform and comply with all the other terms, covenants, and conditions hereof on the Subscriber's part to be performed and complied with.

16. This instrument is not binding upon the Contractor until approved in writing by one of its officers.

17. There are no agreements, understandings, or representations changing, modifying, or otherwise affecting any of the terms of this contract. This contract cannot be changed, modified, or discharged orally.

APPROVED:

AUTOMATIC FIRE ALARM COMPANY

.....
President

Executed in .....

AUTOMATIC FIRE ALARM COMPANY

By.....
Sales Representative

.....
Subscriber

By.....

.....
Title

2199

Fire Protection Services Since 1873

AUTOMATIC FIRE ALARM COMPANY

120 WEST 42nd STREET, NEW YORK 36, N. Y.

SPRINKLER SUPERVISORY SERVICE CONTRACT

Agreement made this ..... day of ..... 19.....

by and between the AUTOMATIC FIRE ALARM COMPANY, of 120 W. 42 St., New York, N. Y., a New York Corporation, hereinafter called the "Contractor" and .....

of ..... a ..... corporation hereinafter called the "Subscriber".

WITNESSETH: that for the considerations and covenants hereinafter specified, the parties hereto do, for themselves, their successors and assigns, mutually covenant and agree as follows:

1. The Contractor having equipped the Sprinkler System now installed in the premises of the Subscriber at .....

in the City of New York and State of New York, with an Automatic Sprinkler Supervisory Signaling System and connected same to an operating Central Station in accordance with the Rules and Regulations of ..... or having caused same to be so equipped and connected, it is understood and agreed that the said Signaling System, including all devices, instruments, and appliances and all connections, wires, conduits, and other materials associated therewith, is and shall be and remain personal property owned solely by the Contractor.

2. The Contractor agrees, subject to the terms and conditions hereof, to maintain said Signaling System in good working order, or cause same to be so maintained, for the term of this contract, the electric current and water for such maintenance to be furnished by the Subscriber through the Subscriber's meters and at the Subscriber's own expense.

3. The devices with which said Sprinkler System is equipped include:

Automatic Signaling Devices on all alarm valves and shut-off valves now installed,
Automatic Water Level and Temperature Signaling Devices on all sprinkler gravity tanks now installed,
Automatic Pressure Signaling Devices on all sprinkler pressure tanks now installed,
Required Transmission Devices and special building signal box or boxes.

4. The Subscriber hereby agrees that all alarm valves, tanks or other elements of the Sprinkler System as now installed are, or will be corrected so as to be, acceptable to the insurance and any other authority having jurisdiction when equipped with the Contractor's signaling devices.

5. The Subscriber agrees to pay the Contractor, its authorized agents or assigns, the sum of .....

..... Dollars ($.....)

per annum, annually in advance, for the period of five years from..... and annually in advance thereafter unless this contract is terminated at the end of the fifth, or until terminated at the end of any subsequent, contract year by written notice of such termination given by either party at least six ty days prior to the end of such year. While this is the contract of the Contractor and the Subscriber exclusively, the Contractor, until further notice, authorizes the Subscriber to make to the A. D. T. Company, Inc., of New York, N. Y., any payments herein provided for which are for service rendered through that company's Central Station.

6. The Subscriber authorizes and empowers the Contractor, its agents or assigns, to maintain said signaling system in good working order, and to make inspections and tests thereof and repairs thereto and to make at the expense of the Subscriber any changes in or alterations to said signaling system made necessary by replacements or changes in or alterations to said sprinkler system. If the sprinkler system is extended and additional signaling connections or devices are required by the insurance or any other authority having jurisdiction, or in case any such authority requires additional connections or devices for any reason, the Subscriber agrees to pay the cost thereof and to pay annually an additional sum, computed at Contractor's then current rates, for the maintenance of the additional connections and/or devices so required.

7. It is agreed that all installation, alteration, maintenance and other work, including inspections and tests of said system, shall be performed during regular daytime business hours, exclusive of Saturdays, Sundays and holidays, unless the Subscriber otherwise directs in which case the Subscriber hereby agrees to pay the Contractor any increased cost resulting therefrom.

8. Upon the termination of this contract by lapse of time, default in the making of any payment herein provided, or otherwise, the Contractor may at any time, without notice and without obligation to repair or redecorate any portion of said premises, remove, or may at any time by mailing written notice to that effect addressed to the Subscriber at said premises abandon, said signaling system or any part thereof, including any and all devices, instruments, appliances, and appurtenances, and all connections, wires, conduits, and other materials associated therewith. Such termination, removal or abandonment shall be without liability on the part of the Contractor and shall not constitute a waiver of, or otherwise affect, any of the Contractor's rights or remedies as to charges accrued hereunder, damages, or otherwise.

9. This contract may be terminated at any time and without previous notice, at the option of the Contractor and without liability of any sort on its part, in case the Central Station through which the service is rendered, the connecting wires, equipment in Subscriber's premises, or other facilities are destroyed by fire or otherwise, or so substantially damaged that it is impracticable to continue service, or in case the Contractor is unable either to secure or retain the connections or privileges necessary for the transmission of signals by means of conductors between the Subscriber's premises and such Central Station or between such Central Station and the municipal fire department, and may likewise be terminated by the Subscriber in the event that his or its said premises are so destroyed or damaged.

10. If the Subscriber shall default in the making of any payment herein provided for or fails to comply with any of the other terms, conditions, or covenants of this contract, the Contractor may give the Subscriber ten days' written notice of intention to terminate this contract and thereupon at the expiration of said ten days (if such default continues) this contract shall terminate and the Contractor may in all respects discontinue the service. Such notice shall be deemed to be sufficiently given if delivered to the Subscriber personally, or sent by registered mail postpaid and addressed to the Subscriber at said premises; and the time of giving such notice shall be deemed the time when same is delivered or mailed as aforesaid.

11. The Contractor's obligations shall relate solely to said Signaling System and it shall in no way be obligated to maintain, repair, service, alter, replace or operate, nor shall it be in any way responsible for the condition or operation of, any equipment, device, or property of any sort of the Subscriber or others.

12. It is agreed that neither the Contractor nor A.D.T. Company, Inc. is an insurer; that the payments hereinabove provided for are based upon the cost of rendering the services hereunder and the extent of the liability of the Contractor and of A.D.T. Company, Inc. as hereinbelow limited; that in the event of a default on the part of the Contractor or A.D.T. Company, Inc. in the performance of any of the obligations of either of them hereunder, whether by way of non-performance or negligent performance or otherwise, and a resulting loss, or in any other event resulting from the relationship hereby created, the liability of either the Contractor or A.D.T. Company, Inc. shall not exceed the sum of $50.00, or a sum equal to 10% of the then current annual service charge hereinabove provided for, whichever is greater, and such limited liability shall be exclusive.

13. The Contractor assumes no liability for delays in installation or alterations of the equipment, or for interruptions of service due to strikes, riots, floods, fires, acts of God, or any cause beyond its control, and will not be required to supply service while any such delay or interruption shall continue.

14. Any tax applicable to, based upon, or measured by the receipts from or amount paid for service rendered by the Contractor hereunder, and payable by the Subscriber, shall be paid by the Subscriber as an addition to the respective amounts otherwise payable by the Subscriber as herein provided.

15. This contract may be assigned by the Subscriber provided the written consent of the Contractor is first obtained, which consent shall not be unreasonably withheld and shall be conditioned upon the assignee's agreement, in form satisfactory to the Contractor, to make the payments herein provided and to perform and comply with all the other terms, covenants, and conditions hereof on the Subscriber's part to be performed and complied with.

16. This instrument is not binding upon the Contractor until approved in writing by one of its officers.

17. There are no agreements, understandings, or representations changing, modifying, or otherwise affecting any of the terms of this contract. This contract cannot be changed, modified, or discharged orally.

APPROVED:

AUTOMATIC FIRE ALARM COMPANY

.....
President

Executed in .....

AUTOMATIC FIRE ALARM COMPANY

By.....
Sales Representative

.....
Subscriber

By.....

.....
Title

2200

Contract Form No. 10 Rev. 8-56-1500-1-63

Fire Protection Services Since 1873

AUTOMATIC FIRE ALARM COMPANY
120 WEST 42 STREET, NEW YORK 36, N. Y.

CENTRAL STATION
AERO AUTOMATIC FIRE ALARM SERVICE CONTRACT

Agreement made this.....day of .....19.....
by and between the AUTOMATIC FIRE ALARM COMPANY, of 120 West 42 St., New York 36, N. Y., a New York Corporation, hereinafter called the "Contractor" and .....
of ..... a ..... corporation hereinafter called the "Subscriber".

WITNESSETH: that for the considerations and covenants hereinafter specified, the parties hereto do, for themselves, their successors and assigns, mutually covenant and agree as follows:

1. The Contractor will equip the premises of the Subscriber at .....
.....
in the City of New York and State of New York, with an Aero Automatic Fire Alarm Signaling System and connect same to an operating Central Station in accordance with the Rules and Regulations of.....
or will cause same to be so equipped and connected, it being understood and agreed that the said Signaling System, including all devices, instruments, and appliances and all connections, wires, conduits, and other materials associated therewith, is and shall be and remain personal property owned solely by the Contractor.

2. The Contractor agrees, subject to the terms and conditions hereof, to maintain said Signaling System in good working order, or cause same to be so maintained, for the term of this contract, the electric current for such maintenance to be furnished by the Subscriber through the Subscriber's meters and at the Subscriber's own expense.

3. The Subscriber agrees to pay the Contractor, its authorized agents or assigns, the sum of .....
..... Dollars ($.....)
upon the completion of the said equipment, and to pay in addition the sum of .....
..... Dollars ($.....)
per annum, annually in advance, for the period of five years from the date of approval by the insurance or other authority having jurisdiction, and annually in advance thereafter unless this contract is terminated at the end of the fifth, or until terminated at the end of any subsequent, contract year by written notice of such termination given by either party at least sixty days prior to the end of such year. The first yearly payment shall be due and payable when said equipment has been completed and is approved as aforesaid.

4. The Subscriber authorizes and empowers the Contractor, its agents or assigns, to maintain said System in good working order, and to make inspections and tests thereof, and to make at the expense of the Subscriber any necessary changes in or alterations to said System. If said System is extended and additional connections or devices are required by the insurance or any other authority having jurisdiction, or in case any such authority requires additional connections or devices for any reason, the Subscriber agrees to pay the cost thereof and to pay annually an additional sum, computed at Contractor's then current rates, for the maintenance of the additional connections and/or devices so required. In case repairs to said System are made necessary by fire, or by the act or acts of others than the Contractor, or for any other reason (the Contractor's own negligence excluded), same shall be made at the expense of the Subscriber.

5. It is agreed that all installation, alteration, maintenance and other work, including inspections and tests of said system, shall be performed during regular daytime business hours, exclusive of Saturdays, Sundays and holidays, unless the Subscriber otherwise directs in which case the Subscriber hereby agrees to pay the Contractor any increased cost resulting therefrom.

6. Upon the termination of this contract by lapse of time, default in the making of any payment herein provided, or otherwise, the Contractor may at any time, without notice and without obligation to repair or redecorate any portion of said premises, remove, or may at any time by mailing written notice to that effect addressed to the Subscriber at said premises abandon, said signaling system or any part thereof, including any and all devices, instruments, appliances, and appurtenances, and all connections, wires, conduits, and other materials associated therewith. Such termination removal or abandonment shall be without liability on the part of the Contractor and shall not constitute a waiver of, or otherwise affect, any of the Contractor's rights or remedies as to charges accrued hereunder, damages, or otherwise.

7. This contract may be terminated at any time and without previous notice, at the option of the Contractor and without liability of any sort on its part, in case the Central Station through which the service is rendered, the connecting wires, equipment in Subscriber's premises, or other facilities are destroyed by fire or otherwise, or so substantially damaged that it is impracticable to continue service, or in case the Contractor is unable either to secure or retain the connections or privileges necessary for the transmission of signals by means of conductors between the Subscriber's premises and such Central Station or between such Central Station and the municipal fire department, and may likewise be terminated by the Subscriber in the event that his or its said premises are so destroyed or damaged.

8. If the Subscriber shall default in the making of any payment herein provided for or fails to comply with any of the other terms, conditions, or covenants of this contract, the Contractor may give the Subscriber ten days' written notice of intention to terminate this contract and thereupon at the expiration of said ten days (if such default continues) this contract shall terminate and the Contractor may in all respects discontinue the service. Such notice shall be deemed to be sufficiently given if delivered to the Subscriber personally, or sent by registered mail postpaid and addressed to the Subscriber at said premises; and the time of giving such notice shall be deemed the time when same is delivered or mailed as aforesaid.

9. The Contractor's obligations shall relate solely to said Signaling System and it shall in no way be obligated to maintain, repair, service, alter, replace or operate, nor shall it be in any way responsible for the condition or operation of, any equipment, device, or property of any sort of the Subscriber or others.

10. It is agreed that the Contractor is not an insurer; that the payments hereinabove provided for are based upon the cost to the Contractor of its services hereunder and the extent of its liability as hereinbelow limited; that in the event of a default on the part of the Contractor in the performance of any of its obligations hereunder, whether by way of non-performance or negligent performance or otherwise, and a resulting loss, or in any other event resulting from the relationship hereby created, the Contractor's liability shall not exceed the sum of $50.00, or a sum equal to ten percentum of the then current annual service charge hereinabove provided for, whichever is greater, and such limited liability shall be exclusive.

11. The Contractor assumes no liability for delays in installation or alterations of the equipment, or for interruptions of service due to strikes, riots, floods, fires, acts of God, or any cause beyond its control, and will not be required to supply service while any such delay or interruption shall continue.

12. Any tax applicable to, based upon, or measured by the receipts from or amount paid for service rendered by the Contractor hereunder, and payable by the Subscriber, shall be paid by the Subscriber as an addition to the respective amounts otherwise payable by the Subscriber as herein provided.

13. This contract may be assigned by the Subscriber provided the written consent of the Contractor is first obtained, which consent shall not be unreasonably withheld and shall be conditioned upon the assignee's agreement, in form satisfactory to the Contractor, to make the payments herein provided and to perform and comply with all the other terms, covenants, and conditions hereof on the Subscriber's part to be performed and complied with.

14. This instrument is not binding upon the Contractor until approved in writing by one of its officers.

15. There are no agreements, understandings, or representations changing, modifying, or otherwise affecting any of the terms of this contract. This contract cannot be changed, modified, or discharged orally.

AUTOMATIC FIRE ALARM COMPANY

By.....
Sales Representative

.....
Subscriber

By.....

.....
Title

APPROVED:

AUTOMATIC FIRE ALARM COMPANY

.....
President

Executed in .....

2201

[fol. 2998] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 299

AUTOMATIC FIRE ALARM COMPANY

September 4, 1958.

To: Mr. Thomas P. Drew, President, New York
From: Mr. F. Durward Chase, Vice-President, Boston

Received September 5, 1958

Competition

In reply to your recent telephone conversation in connection with the situation as it now pertains to our competitor, I have obtained from *A.D.T.* the jobs they have *lost* to them as of September 3, 1958. They are: *10 B. A. Jobs, 2 SS & WF Jobs* and *1 Industrial Process Job.* During the same period *we* have *lost 5 SS & WF Jobs in Boston. All* of the above were *lost* while trying to *obtain renewals.*

In discussing the situation with the people at A.D.T., I find that they have in many instances, had to renew their contracts at the same rate because the subscriber threatened to give the business to the competitor.

Originally the A.D.T. policy was to take these agreements for a one-year period to see what was going to happen. In the cases which I had under similar circumstances, I felt it was better to get a five-year renewal, either at the same rate or at a modest increase rather than to leave the contract vulnerable. I understand now that A.D.T. has changed their thinking somewhat and are obtaining five-year contracts—even at the same rate when they can get them.

Within the last month the competitor seems to be getting increasingly more active and the A.D.T. and ourselves agreed to take one renewal which both in the Burglar Alarm contract and Sprinkler Supervisory contract we agreed to reduce both our rates 15% and also install without additional rental two Burglar Alarm units and two Sprinkler units. The name of the company is Cole-Hersey

and the competitor had offered to take both the Sprinkler Service and the Burglar Alarm Service at no installation—install the new units free and cut our existing rates 25%. The amount involved was approximately $1,500.00 for the Burglar Alarm and $906.00 for the Sprinkler Service—both A.D.T. operated. Mr. Warner and I both felt it would be better to renew these contracts for a five-year period at 15% reduction rather than take a chance of losing the business to the competitor. In this case our contract did not expire until 1959 and neither did A.D.T.'s. The subscriber even considered paying a penalty for the balance of our contract if we did not make some concession.

We recently took two new jobs with Raymond's, Inc., a well known department store covering two new warehouses in South Boston. From what Mr. Warner tells me the Burglar Alarm contract was taken for approximately 50% of their standard rates and they received $2,710.00 Advance Service Charge and $1,425.00 Annual Rental. The Sprinkler Contracts which we took were also less than 50% of our standard rates. In the case of the sprinkler service, [fol. 2999] the competitor agreed to install for the sum of $1.00 and their annual rental was about $40.00 less than what we were able to obtain.

I also recently took a re-connection of Automatic fire Alarm Service where we were previously getting $400.00 per annum for a Thermostat System and the competitor offered to install the new system at no installation and $200.00 per annum. We took the re-connection job for $210.00. We also took a four-unit Sprinkler Supervisory job at $210.00 at the same location with no installation as against the competitor's bid of $1.00 Advance Service Charge and $195.00 Annual Rental.

It seems to me that the competitor has now reached a point where he has converted those local Burglar Alarm jobs which he was already servicing, to Central Station and has apparently picked up with us and A.D.T. a few subscribers who were personal friends of his or who for some reason were dissatisfied with their present contract or service. He is now ready to concentrate on our and A.D.T.'s existing business. In some cases it is doubtful if the subscriber wants their service but is using the competitor as a basis to get a lower rate. Mr. Warner has told

me of a couple of instances where they had sizeable Burglar Alarm Contracts and refused to reduce their rate and as a result finally lost the business.

Of course, in some of the areas serviced by A.D.T., i.e., the new area on Route 128, also Quincy and Brockton and some of the further out-lying areas, the competitor is not rendering any Central Station Service and therefore, the A.D.T. is able to obtain their full present rates. However, in the case of Raymond's who have just completed a new store in Quincy, they had already contracted for A.D.T. Service at their full rate but when they negotiated the contract for the Boston Warehouse—as part of the deal—A.D.T. was forced to reduce the rate on the contract which they took in Quincy in order to get the Boston business.

I have checked with A.D.T. and their present rate for SSS and also Valve Alarm Service is $315.00 for the first unit and $48.00 for each additional unit. The installation is $130.00 for each unit.

I trust this will give you the information you desire. If there is any further information you need please let me hear from you.

F. Durward Chase, Vice-President.

FDC/mnb

[fol. 3000] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 300

NEWARK, NEW JERSEY

June 16, 1960.

Mr. J. B. Bodley
Assistant to General Sales Manager
New York City

Re: Ivers-Lee, 240 Central Avenue, Newark, New Jersey

Plant Department has inspected an N.D.T. installation at the above location and have found it satisfactory and applicable to A.D.T. operations.

Mr. Pettinger of N.D.T. has quoted $350.00 to Ivers-Lee

for the purchase of the installed system (approximately 47 units).

Ivers-Lee wants us to purchase this system from N.D.T. and to operate it as an ADT job.

Mr. A. Perry of Ivers-Lee is anxious to conclude this negotiation.

Please advise if ADT will purchase the equipment.

Job is quoted at $55.00 per month about 70% and we feel sure that we can secure at least $5.00 per month more toward this $350.00 expenditure.

James J. Viscarde, Sales Representative.

JJV:AC

In Duplicate.

CC—Mr. Paul Rinaldi, Plant Foreman, Newark, N.J.

CC—Mr. W. J. Doyle, District Sales Mgr., New York City.

[fol. 3001] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 302

May 17, 1960.

Mr. E. J. Kaiser

As info.—JOM

Mr. L. J. O'Brien
General Sales Manager

Competition—Owl Protective Company, New York City

This will supplement my memorandum to you of January 26 under this subject advising of the award of the large Bomarc facility contract to this company, and is to record a series of recent actions in connection with the project.

Since the award in January, we have learned through conversation with various contacts in the Government that Owl is experiencing some difficulty in obtaining approval for their equipment as complying with the specification. It has even been suggested by some that Owl may eventually have to come to ADT for some of it.

Recently, one of Owl's employees phoned Norman Carlson asking to purchase ADT type 4104 screen contacts—a contact used on the Suffolk drawings, but a very simple one that could be procured from a number of manufacturers, even made by themselves without too much difficulty. Norman rightly told this Owl employee that normally ADT does not sell equipment outright, except to the Government, and then as complete systems, not as individual components of systems.

Late Thursday, May 5, a phone call to Mr. E. Gaston who had left for the day was transferred to Norman Carlson which turned out to be Mr. Malcolmn Goldstone, President of Owl. His general conversational tone was anything but pleasing, and he told Norman that he understood that someone in ADT had refused to sell equipment to his company. Norman again repeated to him our policy, the same as he had done previously, upon which Mr. Goldstone remarked, "I hope you cleared that statement with your attorney before you made it." He broke off the conversa-[fol. 3002] tion with a statement somewhat to the effect, "I see I can't get anywhere with you—guess I'll have to discuss it with the powers-to-be"—presumably meaning President Gaston.

In your absence Friday, May 6, after discussing it with Mr. Tom Young, I went to Mr. MacDonald, and we two to Mr. Gaston. While in Mr. Gaston's office Mr. Goldstone phoned. The result of the discussion following Mr. Gaston's and Mr. Goldstone's conversation, and Mr. McDonald's subsequent conversation with our attorney, we agreed to sell these contacts to Owl. However, to date no formal procurement action has been taken by them.

J. O. Maxey, Manager, Government and Special Sales Division.

GC

[fol. 3003] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 303

MUNICIPALITIES SERVED BY ADT CENTRAL STATIONS

* Indicates Central-Station City

ALABAMA

*Birmingham
Cahaba Heights
Center Point
Fairfield
Irondale
Midfield
Mountain Brook
Tarrant City
Vestavia

CALIFORNIA

*Huntington Park
Anaheim
Artesia
Bell
Bellflower
Buena Park
Compton
Downey
El Segundo
Fullerton
Garden Grove
Gardena
Hawthorne
Inglewood
La Habra
Lakewood
Long Beach
Lynwood
Manhatten Beach
Norwalk
Orange
Paramount
Pico-Rivera
Redondo Beach
Santa Ana
Santa Fe Springs
Seal Beach
Signal Hill
South Gate
Torrance
Vernon
Whittier

*Los Angeles
Alhambra
Arcadia
Azusa
Beverly Hills
Burbank
City of Commerce
City of Industry
Covina
Culver City
El Monte
Glendale
La Puente
Monrovia
Montebello
Monterey Park
Pasadena
Pomona
Rosemead
Santa Monica
South Pasadena
Temple City
West Covina

*Oakland
Alameda
Albany
Ashland
Berkeley
Castro Valley
Cherryland
El Cerrito
Emeryville
Fremont
Hayward
Newark
Richmond
San Leandro
San Lorenzo
San Pablo
San Ramon
Walnut Creek

*Sacramento
Broderick
Carmichael
Fair Oaks
North Highlands
North Sacramento
Rancho Cordova
West Sacramento

*San Diego
El Cajon
La Mesa
National City

*San Francisco
Belmont
Brisbane
Burlingame
Corte Madera
Millbrae
Redwood City
San Bruno
San Carlos
San Mateo
Sausalito
South San Francisco

*San Jose
Los Altos
Menlo Park
Mountain View
Palo Alto
Santa Clara
Saratoga
Sunnyvale

COLORADO

*Denver
Arapahoe County
Englewood
Lakeside
Lakewood

CONNECTICUT

*Bridgeport
Byram
Danbury
Fairfield
Glenbrook
Greenwich
Monroe
Norwalk
Southport
Springdale
Stamford
Stratford
Trumbull
Westport

†Enfield

*Hartford

* Indicates Central-Station City

Avon
Berlin
Bloomfield
East Hartford
East Windsor
Elmwood
Farmington
Glastonbury
Kensington
Manchester
New Britain
Newington
Rockville
Simsbury
Suffield
West Hartford
Wethersfield
Wilson
Windsor Locks

*New Haven

Ansonia
Branford
Derby
Devon
East Haven
Hamden
Huntington
Milford
North Haven
Orange
Seymour
Shelton
South Meriden
Wallingford
West Haven

*Waterbury

Bristol
Chesire
Middlebury
Thomaston
Watertown
Wolcott

†Service from Springfield, Mass.

DELAWARE

*Wilmington

Brookside
Claymont
Delaware City
Edge Moor
Greenville
Newark
New Castle
Newport
Prices Corner
Stanton
Talleyville
Winterthur

DIST. OF COLUMBIA

*Washington

FLORIDA

*Jacksonville

*Miami

Bal Harbour
Coral Gables
Dade County
Hialeah
Miami Beach
Miami Shores
Miami Springs
North Miami
North Miami Beach
South Miami
Surfside
West Miami

GEORGIA

*Atlanta

Chamblee
Clayton County
Decatur
East Point
Forest Park
Marietta
Scottsdale

*Rossville

†Serviced from Chattanooga, Tenn.

*Savannah

Port Wentworth

ILLINOIS

*Chicago

Addison
Alsip
Arlington Heights
Bedford Park
Bellwood
Bensenville
Berwyn
Blue Island
Bridge View
Broadview
Brookfield
Calumet City
Calumet Park
Chicago Heights
Chicago Ridge
Cicero
Clearing
Cook County
Crestwood
Des Plaines
Dolton
Elk Grove Village
Elmwood Park
Evanston
Evergreen Park
Forest Park
Forest View
Forrestal
Franklin Park
Glencoe
Glenview
Harwood Heights
Highland Park
Hillside
Hinsdale
Joliet
Justice
La Grange Park
Leyden Township
Lincolnwood
Lyons
Markham
Maywood
McCook
Melrose Park
Morton Grove
Niles
Norridge
Northbrook
Northfield
North Lake
Norwood Park Township
Oak Lawn
Oak Park
Park Forest
Park Ridge
Plainfield
Riverdale
River Forest
River Grove
Riverside

[fol. 3004]

Schiller Park
Skokie
Stickney
Summit
Villa Park
Wilmette

*East St. Louis

Alorton
Belleville
Cahokia
Fairmont City
Granite City

*Indicates Central-Station City

Lovejoy
Madison
Maplewood
Monsanto
National City

*Peoria

Bartonville
East Peoria
Peoria Heights
West Peoria

*Quincy
*Rockford

Belvidere

*Rock Island

East Moline
Moline

INDIANA

†East Chicago
*Evansville
*Fort Wayne

New Haven

†Hammond
*Indianapolis

Beech Grove
Fortville
Lawrence
Maywood
Speedway City

‡Jeffersonville
*Muncie
†Munster
‡New Albany
†Roby
*South Bend

Mishawaka

*Terre Haute

West Terre Haute

†Whiting

†Serviced from Chicago, Ill.

‡Serviced from Louisville, Ky.

IOWA

*Cedar Rapids
†Davenport
‡Churchill Bluffs
*Des Moines

West Des Moines

*Dubuque
†Riverdale

*Sioux City

†Serviced from Rock Island, Ill.

‡Serviced from Omaha, Nebr.

KANSAS

†Kansas City
†Mission
†Prairie Village
†Shawnee
†Turner
*Wichita

†Serviced from Kansas City, Mo.

KENTUCKY

†Bellevue
†Covington
†Dayton
*Louisville

Buechel
Camp Taylor
Pleasure Ridge
Shively
St. Matthews

†Ludlow
†Newport

†Serviced from Cincinnati, Ohio

LOUISIANA

*New Orleans

Arabi
Gretna
Harvey
Jefferson Parish
Kenner
Marrero

MAINE

*Portland

South Portland

MARYLAND

*Baltimore

Arbutus
Arundel
Baltimore County
Baynesville
Brooklandville
Catonsville
Cedarhurst
Cockeysville
Dundalk
Elkridge
Essex
Ferndale
Glen Burnie
Glyndon
Halethorpe
Harundale
Middle River
Overlea
Owings Mills
Parkville
Pikesville
Reisterstown
Relay
Sparrows Point
Texas
Timonium
Towson

†Beltsville
†Bethesda
†Bladensburg
†Brookmont
†Chevy Chase
†College Park
†District Heights
†Eastover
†Glen Echo
†Hyattsville
†Landover
†Langley Park
†Marlow Heights
†Montgomery County
†Prince George's County
†Riverdale
†Rockville
†Savage
†Seat Pleasant
†Silver Spring
†Suitland
†Tacoma Park
†Wheaton

†Serviced from Washington, D. C.

MASSACHUSETTS

*Boston

Andover
Arlington
Belmont
Brookline
Burlington
Cambridge
Chelsea
Concord
Everett
Framingham
Lawrence
Malden
Medford

* Indicates Central-Station City

Melrose
Natick
Needham
Newton
Norwood
Quincy
Revere
Somerville
Wakefield
Waltham
Watertown
Wellesley
West Concord
Weymouth
Winchester
Woburn

*Brockton

Braintree
Bridgewater
Canton
East Bridgewater
Holbrook
Middleboro
Randolph
Rockland
South Braintree
Stoughton
Whitman

*Salem

Beverly
Danvers
Gloucester
Ipswich
Lynn
Middleton
Peabody
Saugus
Swampscott

*Springfield

Agawam
Chicopee
East Longmeadow
Holyoke
Longmeadow
Westfield
West Springfield

*Worcester

Auburn
Barre
Holden
Rochdale
Shrewsbury

MICHIGAN

*Detroit

Allen Park
Berkley
Birmingham
Bloomfield Hills
Bloomfield Township
Center Line
Dearborn
Dearborn Township
East Detroit
Ecorse
Ferndale
Grosse Point
Grosse Pointe Farms
Hamtramck
Harper Woods
Hazel Park
Highland Park
Inkster
Lincoln Park
Livonia
Madison Heights
Melvindale
Oak Park
Pleasant Ridge
Plymouth
Plymouth Township
Pontiac
Redford Township
River Rouge
Riverview
Roseville
Royal Oak
Royal Oak Township
Southfield
Southgate
St. Clair Shores
Taylor
Taylor Township
Troy
Troy Township
Warren
Wyandotte

*Flint

Burton Township
Swartz Creek

*Grand Rapids

Cascade Township
Gaines Township
Grand Rapids Township
Paris Township
Plainfield Township
Walker Township
Wyoming

*Jackson

Blackman Township
Michigan Center
Summit Township

*Kalamazoo

Parchment
Portage Center

*Lansing

Delta Township
East Lansing

*Muskegon

Muskegon Heights
Roosevelt Park

†Niles

*Saginaw

Bay City
Bridgeport Township
Carrollton
Essexville
Saginaw Township

†Serviced from South Bend, Ind.

MINNESOTA

*Duluth

Cloquet

*Minneapolis

Anoka
Bloomington
Columbia Heights
Crystal
Edina
Fridley
Golden Valley
Hilltop
Hopkins
Lauderdale Village
Richfield
Shakopee
St. Anthony Village
St. Louis Park

*St. Paul

Falcon Heights
Hastings
Lauderdale Village
Maplewood
New Brighton
Roseville
South St. Paul
West St. Paul

MISSOURI

*Kansas City

North Kansas City

*St. Joseph
*St. Louis

Affton
Bellefontaine Neighbors

* Indicates Central-Station City

Berkeley
Breckenridge Hills
Brentwood
Charlack
Clayton
Crestwood
Creve Coeur
Ferguson
Florissant
Hazelwood
Jennings
Kirkwood
Ladue
Maplewood
Maryland Heights
Normandy
Olivette
Overland
Pagedale
Pine Lawn
Richmond Heights
Rock Hill
Shrewsbury
St. Ann
St. John
St. Louis County
University City
Vinita Park
Webster Groves
Wellston

[fol. 3005]

NEBRASKA

*Lincoln
*Omaha

Fort Crook

NEW JERSEY

†Alpha
*Camden

Audubon
Barrington
Bellmawr
Delair
Delaware Township
Erlton
Evesboro Township
Gloucester City
Haddonfield
Haddon Heights
Moorestown
Palmyra
Pennsauken
Pennsauken Township
Riverside
Woodbury
Wood Lynne

*Jersey City

Bayonne
Edgewater
Englewood Cliffs
Fairview
Fort Lee
Guttenburg
Hoboken
North Bergen
Palisades Park
Ridgefield
Secaucus
Union City
Weehawken
West New York

*Newark

Arlington
Belleville
Berkeley Heights
Bloomfield
Caldwell
Clark Township
Cranford
East Brunswick Township
East Cranford
East Hanover Township
East Newark
East Orange
Elizabeth
Florham Park
Garwood
Glen Ridge
Hanover Township
Harrison
Highland Park
Hillside
Irvington
Kearny
Kenilworth
Linden
Livingston
Lyndhurst
Maplewood
Millburn
Montclair
Morris Plains
Morristown
Morris Township
Murray Hill
New Providence
North Arlington
North Plainfield
Orange
Port Newark
Rahway
Roseland
Roselle
Roselle Park
Scotch Plains
South Kearny
South Orange
South Plainfield
Springfield
Stirling
Summit
Union
Verona
West Caldwell
Westfield
West Orange
Whippany

*New Brunswick

Middlesex County
Morris County
Union County

*Paterson

Bergenfield
Bogota
Carlstadt
Cedar Grove
Clifton
Denville
Dover
East Paterson
East Rutherford
Englewood
Fair Lawn
Garfield
Glen Rock
Hackensack
Haledon
Hasbrouck Heights
Hawthorne
Little Falls
Little Ferry
Lodi
Maywood
Midland Park
Moonachie
Nutley
Paramus
Parsippany
Passaic
Pompton Lakes
Ridgefield Park
Rutherford
Saddle Brook
South Hackensack
Teaneck
Tenafly
Teterboro
Totowa
Wallington
Wayne Township
West Paterson
Woodridge

†Phillipsburg
*Trenton

* Indicates Central-Station City

Bordentown
Bordentown Township
Burlington
Cranbury
Delanco
Ewing Township
Hamilton Township
Hightstown
Lawrence Township
Lumberton Township
Mount Holly
Plainsboro
Princeton Boro
Princeton Township
West Windsor
Yardville

†Serviced from Allentown, Pa.

NEW MEXICO

Albuquerque

NEW YORK

*Albany

Colonie
Menands
Rensselaer
Troy
Watervliet

*Buffalo

Amherst Township
Cheektowaga
Clarence
Depew
Eggertsville
Grand Island
Kenmore
Lackawanna
Niarara Falls
North Tonawanda
Tonawanda
Tonawanda Township
West Seneca
Williamsville

*Long Island City

Brooklyn
Queens County

*Mineola

Nassau County
Suffolk County

*New York

New York County
Bronx County
Richmond County

*White Plains

Bronxville
Chauncey
Eastchester
Elmsford
Greenburgh
Hartsdale
Hastings-on-Hudson
Marmaroneck
Mt. Vernon
Nanuet
New Rochelle
North Pelham
North Tarrytown
Nyack
Orangeburg
Pelham Manor
Port Chester
Rye
Scarsdale
Tarrytown
Tuckahoe
West Haverstraw
Yonkers

*Rochester

East Rochester
Henrietta
Webster

†Sloatsburg
†Suffern
*Syracuse

DeWitt
East Syracuse
Fairmount
Liverpool
Solvay

*Utica

New Hartford

†Serviced from Paterson, N.J.

NORTH CAROLINA

*Winston-Salem

Brook Cove
Greensboro
High Point
Kernersville

OHIO

*Akron

Barberton
Cuyahoga Falls
Kent
Mogadore
Stow

*Canton

Massillon

*Cincinnati

Amberley Village
Arlington Heights
Blue Ash
Cherry Grove
Cheviot
Elmwood
Evandale
Golf Manor
Lockland
Mariemont
Milford
Mt. Healthy
North College Hill
Norwood
Reading
Rossmoyne
Sharonville
St. Bernard
Wyoming

*Cleveland

Bedford
Bedford Heights
Bedford Township
Berea
Brecksville
Broadview Heights
Brooklyn
Brooklyn Heights
Brook Park
Chagrin Falls
Cleveland Heights
Cuyahoga Heights
East Cleveland
Euclid
Fairview Park
Garfield Heights
Independence
Lakewood
Maple Heights
Mayfield Heights
Middleburgh Heights
Newburgh Heights
North Olmsted
North Randall
North Royalton
Olmsted Falls
Parma
Parma Heights
Rocky River
Shaker Heights
Seven Hills
Solon
South Euclid
Strongsville
University Heights
Valley View
Walton Hills
Warrensville Heights

* Indicates Central-Station City

Westlake
Westview
Wickliffe
Willoughby
Willowick
*Columbus
Bexley
Grandview
Upper Arlington
Whitehall
Worthington
*Dayton
Fairborn
Miamisburg
*Hamilton
New Miami
Overpeck
*Springfield
*Toledo
Maumee
Oregon Township
Rossford
*Youngstown
Austintown Township
Boardman Township
Brookfield
Campbell
Girard
Liberty Township
Lowellville
Masury
Niles
Struthers
Warren

OKLAHOMA

*Oklahoma City
Bethany
Del City
Midwest City
The Village

OREGON

*Portland
Beaverton
Clackamas
Milwaukee
North Portland
Progress
Tigard
Troutdale

PENNSYLVANIA

*Allentown
Bethlehem
Catasauqua
Easton
Emmaus
Fountain Hill
Fullerton
Hellertown
Nazareth
Quakertown
Sellersville
West Easton
†Bristol Boro
†Bristol Township
†Edgely

[fol. 3006]

*Erie
Lawrence Park
†Falls Township
‡Farrell
†Langhorne
†Levittown
†Morrisville
†Newtown
†Penndel
*Philadelphia
Abington
Ambler
Andorra
Ardmore
Bala
Bethayres
Blue Bell
Cheltenham
Cheltenham Township
Chester
Clifton Heights
Conshohocken
Cornwells Heights
Croydon
Darby
Eddington
Edgemont
Fernwood
Fort Washington
Glenolden
Haverford
Haverford Township
Havertown
Horsham
Jenkintown
King of Prussia
Lansdale
Lansdowne
Lenni
Lester
Manoa
Marcus Hook
Media
Melrose Park
Nether Province Township
Noble
Norristown
North Wales
Paoli
Phoenixville
Plymouth Meeting
Primos
Radnor
Ridley Park
Rockledge
Sharon Hill
Souderton
Spring City
Springfield
Spring Mill
Trooper
Upper Darby
Upper Merion
Wayne
West Chester
West Conshohocken
Whitemarch Township
Willow Grove
Wyndmoor
Wynnewood
*Pittsburgh
Braddock
Brentwood
Carnegie
Cheswick
Dormont
East Carnegie
Edgewood
Etna
Glassport
Glenshaw
Harmar Township
Harrison Township
McKeesport
McKees Rocks
Millvale
Mount Lebanon
Mount Oliver
Natrona Heights
Neville Island
Oakmont
Penn Hills Township
Ross Township
Rosslyn Farms
Scott Township
Stowe Township
Trafford
Verona
West Elizabeth
West Homestead
West Mifflin

* Indicates Central-Station City

Whitehall
Wilkins Township

*Reading

Boyertown
Laureldale
Mohnton
Muhlenburg Township
Myerstown
Royersford
Shillington
Sinking Spring
South Temple
St. Lawrence
Temple
West Reading
Wyomissing

*Scranton

Dunmore
Edwardsville
Jessup
Kingston
Mayfield
Moosic
Old Forge
Pittston
West Pittston
Wilkes-Barre
†Tullytown
†Serviced from Trenton, N. J.

‡Serviced from Youngstown, Ohio

SOUTH CAROLINA

*Charleston

North Charleston

SOUTH DAKOTA

*Sioux Falls

TENNESSEE

*Chatanooga
*Knoxville
*Memphis

Whitehaven

*Nashville

TEXAS

*Dallas

Farmers Branch
Garland
Grand Prairie
Highland Park
Mesquite
Richardson

University Park

*El Paso
*Fort Worth

Arlington
Haltom City
River Oaks
Saginaw

*Galveston
*Houston

Bellaire
Jacinto City
Pasadena
Southside Place
South Houston

*San Antonio

Alamo Heights
Terrell Hills

UTAH

*Salt Lake City

Granger
Kearns
North Salt Lake
Ogden

VIRGINIA

†Alexandria
†Arlington
†Clarendon
†Fairfax
†Fairfax County
†Falls Church
†Hybla Valley
*Richmond

Sandston

†Rosslyn

†Serviced from Washington, D. C

WASHINGTON

*Seattle

Auburn
Bellevue
Bow Lake
Kenmore
Kent
Lynnwood
Renton

*Spokane

Dishman
Mica

*Tacoma

Olympia

†Vancouver

†Serviced from Portland, Ore.

WISCONSIN

*Green Bay

Ashwaubenon
Preble

*Madison
*Milwaukee

Brookfield
Cedarburg
Cudahy
Franksville
Glendale
Grafton
Greendale
Racine
Shorewood
South Milwaukee
Waukesha
Wauwatosa
West Allis
West Milwaukee
White Fish Bay

*Oshkosh

Appleton
Menasha
Winnebago

†Superior

†Serviced from Duluth, Minn.

[fol. 3007] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 304

The following companies were listed by Underwriters' Laboratories, Inc. in the Classification—Burglar Alarm Systems—Central Station—on December 31, 1961:

Albany Protective Service
99 Jay Street
Albany, N. Y.

American Alarm Co., Inc.
222 East Ohio Street
Indianapolis 4, Ind.

American Burglar Alarm Company
165 Jessie Street
San Francisco 5, Calif.

American Fire Dispatch Inc.
6137 S. Figueroa Street
Los Angeles 3, Calif.

Automatic Alarm Corporation
2404 Lyndale Avenue, South
Minneapolis 5, Minn.

Call's Central Station Alarms
65-69 Washington Avenue
Chelsea, Boston 50, Mass.

Central Alarm
916 West Adams
Phoenix, Arizona

Central Alarm Company, Ltd.
1755 Kapiolani Boulevard
Honolulu 14, T.H.

Central Office Alarm Co., Inc.
37-08 Greenpoint Avenue
Long Island City, N.Y.

Central Station Signals, Inc.
53 West Twenty-Third St.
New York 10, N. Y.

Central Station Alarms Inc.
627 Crockett Street
Shreveport, La.

Central Watch Service
214 West Ohio Street
Chicago 10, Illinois

[fol. 3008] Controlled Companies of

AMERICAN DISTRICT TELEGRAPH COMPANY
155 Sixth Avenue
New York 13, New York

Service from offices in the following cities:

Akron, Ohio
Albany, N.Y.
Allentown, Pa.
Atlanta, Ga.
Baltimore, Md.
Birmingham, Ala.
Boston, Mass.
Bridgeport, Conn.
Brockton, Mass.
Buffalo, N. Y.
Camden, N. J.
Canton, Ohio
Cedar Rapids, Iowa
Charleston, S. C.
Chattanooga, Tenn.
Chicago, Ill.—5 offices.
Cincinnati, Ohio
Cleveland, Ohio—3 offices.
Columbus, Ohio
Dallas, Texas
Dayton, Ohio
Denver, Colo.
Des Moines, Iowa
Detroit, Mich.
Duluth, Minn.
East St. Louis, Ill.
El Paso, Texas
Erie, Pa.

Evansville, Ind.
Flint, Mich.
Fort Wayne, Ind.
Fort Worth, Texas
Galveston, Texas
Grand Rapids, Mich.
Hamilton, Ohio
Hartford, Conn.
Houston, Texas
Huntington Park, Calif.
Indianapolis, Ind.
Jackson, Mich.
Jacksonville, Fla.
Jersey City, N. J.
Kalamazoo, Mich.
Kansas City, Mo.
Knoxville, Tenn.
Lansing, Mich.
Lincoln, Neb.
Long Island City, N.Y.
Los Angeles, Calif.
Louisville, Ky.
Madison, Wis.
Memphis, Tenn.
Miami, Fla.
Milwaukee, Wis.
Mineola, N. Y.
Minneapolis, Minn.
Muncie, Ind.
Muskegon, Mich.
Nashville, Tenn.
Newark, N.J.
New Brunswick, N.J.
New Haven, Conn.
New Orleans, La.
Oakland, Calif.
Oklahoma City, Okla.
Omaha, Neb.
Oshkosh, Wis.
Paterson, N.J.
Peoria, Ill.
Portland, Me.

Portland, Ore.
Quincy, Ill.
Reading, Pa.
Richmond, Va.
Rochester, N. Y.
Rockford, Ill.
Rock Island, Ill.
Sacramento, Calif.
Saginaw, Mich.
St. Joseph, Mo.
St. Louis, Mo.
St. Paul, Minn.
Salem, Mass.
Salt Lake City, Utah
San Antonio, Texas
San Diego, Calif.
San Francisco, Calif.
San Jose, Calif.
Savannah, Ga.
Scranton, Pa.
Seattle, Wash.
Sioux City, Iowa
South Bend, Ind.
Spokane, Wash.
Springfield, Mass.
Springfield, Ohio
Syracuse, N.Y.
Tacoma, Wash.
Terre Haute, Ind.
Toledo, Ohio
Trenton, N.J.
Washington, D.C.
Waterbury, Conn.
White Plains, N.Y.
Wichita, Kan.
Wilmington, Del.
Winston-Salem, N.C.
Worcester, Mass.
Youngstown, Ohio

Dayton Electronics Alarm
& Signal, Inc.
530 West Second Street
Dayton 2, Ohio.

Denver Burglar Alarm Co., Inc.
422 Twenty-First Street
Denver 5, Colo.

Electro-Protective Corporation
60 LaFayette Street
Newark 4, N.J.

Service in Baltimore, Md. and
Newark, N.J. (one office each).

[fol. 3009] Federal Engineering Co., Inc.
1004 Sixth Street, N.W.
Washington 1, D.C.

Fidelity Electronic Protective Services
5993-5 Centre Avenue
Pittsburgh 6, Pa.

Granite State Alarm, Inc.
720 Union Street
Manchester, New Hampshire

Holmes Electric Protective Company
370 Seventh Avenue
New York 1, New York

Service from 9 offices in New York City;
2 offices in Philadelphia, Pa.;
1 office in Pittsburgh, Pa.

Kedzie Kane Alarm Co.
301 North Kedzie Avenue
Chicago 12, Illinois

McCane-Sondock Detective Agency
& Burglar Alarm Company
1612 Austin Street
Houston 2, Texas

Merchants Police Signal &
Alarm Company
429 West Michigan St.
Milwaukee 3, Wis.

Metropolitan Electric Protection
370 Seventh Avenue
New York 1, N.Y.

Michigan Still Alarm Company Div.
of Michigan Burglar Alarm Systems
10410 West Chicago Boulevard
Detroit, 4, Mich.

Morse Signal Devices
6707 Carnegie Avenue
Cleveland 3, Ohio

Service in Cleveland, Ohio and
Los Angeles, Calif. (one office each)

Newark District Telegraph Company
372 Plane Street
Newark 2, N.J.

Owl Protective Co., Inc.
120 North Camac St.
Philadelphia 7, Pa.

[fol. 3010] Potter Electric Signal Co.
1211 Pine St.
St. Louis 3, Mo.

Service in St. Louis, Mo. and
Cincinnati, Ohio (one office each).

Protection Engineering Corp.
6900 S. Hoover St.
Los Angeles 44, Calif.

Reliance Protective, Inc.
Suite 329, Court Arcade Building
Tulsa, Oklahoma

Rhode Island Electric Protective Co.
111 Mathewson St.
Providence 1, R.I.

Robinson Protective Alarm Co.
201 Robinson Bldg.
42 S. Fifteenth St.
Philadelphia 2, Pa.

Sentinel Alarm Corporation
10th and Vine Streets
Philadelphia 7, Pa.

Smith Detective Agency &
Nightwatch Service, Inc.
610 North Akard Street
Dallas, Texas

[fol. 3011] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 305

Company	Effective Listing Date
Alarm Signal Co. of Texas 130 S. Munger Street Pasadena, Texas	12-24-62
Albany Protective Service 99 Jay Street Albany 2, New York	3-3-47
American Alarm Co., Inc. 22 East Ohio Street Indianapolis 4, Indiana	5-20-60
American Burglar Alarm Company 165 Jessie Street San Francisio 5, California	6-5-40
American Fire Dispatch, Inc. 6137 S. Figuero Street Los Angeles 3, California	7-6-61
Automatic Alarm Corporation 2404 Lyndale Avenue, South Minneapolis 5, Minnesota	8-25-58

Company	Effective Listing Date
Bell Burglar Alarm 122 N. 21st Street Philadelphia, Pennsylvania	2-28-63
Brink's Signal Co. 234 E. 24th Street Chicago 16, Illinois	5-20-63
[fol. 3012]	
The Wm. J. Burns International Det. Agency 221 W. LaSalle Street Chicago 1, Illinois	3-12-62
Call's Central Station Alarms 65-69 Washington Avenue Chelsea, Boston 50, Massachusetts	1-1-57
Central Alarm 916 West Adams Phoenix, Arizona	8-15-52
Central Alarm Company, Ltd. 1755 Kapiolani Boulevard Honolulu 14, T.H.	6-20-50
Central Office Alarm Co., Inc. 37-08 Greenpoint Avenue Lond Island City, New York	9-12-60
Central Station Alarms, Inc. 627 Crockett Street Shreveport, Louisiana	8-22-61
Central Station Signals, Inc. 53 West Twenty-Third Street New York 10, New York	7-13-49
Central Watch Service 214 West Ohio Street Chicago 10, Illinois	1-1-49

Company	Effective Listing Date
[fol. 3013]	
Controlled Companies of American District Telegraph Company 155 Sixth Avenue New York 13, New York	
Damon Alarm Corp. 1113 McCue Kansas City, Missouri	5-31-63
Dayton Electronics Alarm and Signal, Inc. 530 West Second Street Dayton 2, Ohio	11-1-57
Denver Burglar Alarm Co., Inc. 422 Twenty-First Street Denver 5, Colorado	7-18-49
Electro-Protective Corporation 60 LaFayette Street Newark 4, New Jersey	7-1-58
Federal Engineering Co., Inc. 1004 Sixth Street, N.W. Washington 1, D.C.	20-53
Fidelity Electronic Protective Service 5993-5 Centre Avenue Pittsburgh 6, Pennsylvania	12-1-61
Granite State Alarm, Inc. 720 Union Street Manchester, New Hampshire	10-2-59
[fol. 3014]	
Holmes Electric Protective Company 370 Seventh Avenue New York 1, New York	10-23-23
Kedzie Kane Alarm Company 301 North Kedzie Avenue Chicago 12, Illinois	11-5-54

Company	Effective Listing Date
McCane-Sondock Detective Agency and Burglar Alarm Company 1612 Austin Street Houston 2, Texas	5-25-48
Merchants Police Signal and Alarm Company 429 West Michigan Street Milwaukee 2, Wisconsin	5-20-47
Metropolitan Electric Protection 370 Seventh Avenue New York 1, New York	1-8-23
Michigan Still Alarm Company Div. of Michigan Burglar Alarm Systems 10410 West Chicago Boulevard Detroit 4, Michigan	8-31-55
Morse Signal Devices 6707 Carnegie Avenue Cleveland 5, Ohio	12-6-48
Newark District Telegraph Company 372 Plane Street Newark 2, New Jersey	1-27-25
[fol. 3015]	
Owl Protective Co., Inc. 120 North Camac Street Philadelphia 7, Pennsylvania	3-28-36
Potter Electric Signal Co. 1211 Pine Street St. Louis 3, Missouri	3-6-28
Protection Engineering Corp. Div. of the Wackenhut Corp. 6900 South Hoover Street Los Angeles 44, California	7-22-55
Reliance Protective, Inc. Suite 329, Court Arcade Building Tulsa, Oklahoma	12-15-59

Company	Effective Listing Date
Rhode Island Electric Protective Co. 111 Mathewson Street Providence 1, Rhode Island	6-12-25
Robinson Protective Alarm Co. 201 Robinson Building 42 South Fifteenth Street Philadelphia 2, Pennsylvania	8-25-58
Sentinel Alarm Corporation 10th and Vine Streets Philadelphia 7, Pennsylvania	10-7-60
[fol. 3016] Smith Detective Agency and Nightwatch Service, Inc. 610 North Akard Street Dallas, Texas	3-30-28
Standard Alarm Co., Inc. 5765-67 W. Pico Boulevard Los Angeles 19, California	10-18-62
United States Burglar Alarm Co., Inc. 1315 W. Pico Boulevard Los Angeles 15, California	3-15-62

[fol. 3017] UNDERWRITERS' LABORATORIES, INC.

Certificate Service Withdrawn Listings

Company	Effective Listing Date	Withdrawal Date
General Alarm Corp., 89 Broad St., Boston 10, Mass.	10-1-39	3-12-56
General Alarm, Inc., 128 N. First Ave., Phoenix, Ariz.	8-19-52	2-25-60
Merchants Patrol Service, Wilson Bldg., Beaumont, Texas	5-10-50	3-5-52
Tampa Signal Co., Inc., Western Union Bldg., Tampa, Fla.	2-4-60	8-30-61
Walnut Hills District Telegraph Co., 108 W. 6th St., Cincinnati 2, Ohio	5-12-58	8-29-61

[fol. 3018] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 306

Edward G. Snow, President
Charles C. Miele, Treasurer

A & P TRANSPORT INC.
30 Lamartine Street
Boston 30, Massachusetts
Highlands 2-5752

Freight and Pool Car Distributors

July 9, 1959.

Govt's #2—10/19/62, I.M.

Mr. Joseph Forman
Call's Police Signal Corporation
65-69 Washington Avenue
Chelsea, Massachusetts

Dear Mr. Forman:

Please be advised that without request, the ADT Company revised their prices and their figures were much less than your quotation.

We decided to sign up with the ADT Company.

I want to thank you for your courteousies extended to us.

Very truly yours, A & P Transport Inc., Edward G. Snow, President.

EGS/grl

Encl:

Deft's F (id)—10/19/62, I.A.

IN THE UNITED STATES DISTRICT COURT
GOVERNMENT EXHIBIT No. 307

[fol. 3019]

IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 307

This Agreement cannot be varied except by an officer of the Company in writing.

Agreement for Central Station Emergency Alarm Service

This Supplemental Agreement between the HOLMES ELECTRIC PROTECTIVE COMPANY, hereinafter called the Company, and.....
hereinafter called the Subscriber:

Witnesseth: That the said parties hereto for and in consideration of the mutual covenants herein contained, do hereby mutually agree as follows:

1. The Company will furnish its Central Station Emergency Alarm Service to the Subscriber in connection with the Subscriber's premises at..... in conjunction with the electric protective service furnished by the Company to the Subscriber at the same address. It is understood that this agreement is supplemental to the existing agreement dated.....between the Company and the Subscriber under which the Electric Protective Service is furnished.

For the purpose of furnishing the said Emergency Alarm Service the Company will install on the Subscriber's premises.....alarm stations as specified in the Schedule of Installation attached hereto and made a part hereof, and will connect the same to its central station.

The Subscriber will accept service hereunder, and will permit the Company's employees to have access to the premises at all reasonable times to carry out this agreement and to install, inspect, adjust, repair, or remove the equipment, or any part thereof.

2. The Subscriber will pay to the Company:

(a) Before any emergency alarm service is furnished hereunder, an initial charge of $ to cover the cost of connecting the service and of installing the Company's equipment.

The foregoing installation charge provides for the work being done by the Company's employees only, starting at 8 A. M. and stopping at 5 P. M. on regular business days from Monday to Friday inclusive.

(b) During the term of this agreement an emergency alarm service charge of $, per month, payable monthly in advance.

3. The circuit or circuits, all station sets, apparatus cabinets, alarm devices, and other similar appliances, and all signs and nameplates which the Company may from time to time place in or about the premises for the purpose of this agreement shall be and remain the property of the Company, and the Subscriber agrees not to permit, in connection therewith, the attachment or use of any apparatus or appliance which is not furnished by the Company.

4. It is understood and agreed that the emergency alarm service is to be operative only during the Subscriber's usual and normal business hours. Such definite period during which service will be furnished hereunder will be determined by agreement between the Company and the Subscriber, with the understanding that if the Subscriber so desires, the said period will include reasonable intervals prior to and subsequent to the Subscriber's normal business hours, such periods being established for the purpose of making the service furnished hereunder available to the Subscriber while his working forces are on duty at the premises.

5. Whenever the Subscriber or his representative wishes to transmit an emergency alarm to the Company's Central Station, he will do so by operation of an alarm device; but the Subscriber agrees that owing to the emergency nature of the service, he will so instruct and train his representatives and employees as to prevent the transmission of such emergency signals under other than emergency condition.

6. Whenever an emergency alarm is received at its Central Station, the Company will promptly notify the Police Department and will furnish to the Police Department the Subscriber's name and address of the premises from which the emergency alarm was received. The Company understands that the Police Department upon the receipt of such notification will promptly dispatch men to the Subscriber's premises to investigate, but it is understood and agreed that the Company has no responsibility for any failure of the Police Department to act upon the receipt of such notification.

7. Whenever it comes to the Company's attention that the apparatus installed on the Subscriber's premises hereunder or the circuit or circuits connecting such apparatus to its Central Station is out of order, the Company will take steps to repair such apparatus or circuits as promptly as possible, and will dispatch a man to the Subscriber's premises for that purpose, if necessary. The Subscriber understands that no service may be available hereunder while the equipment is out of order and while the Company is proceeding with its repair.

If the Company's inspection shows that the equipment cannot be repaired temporarily, a representative of the Subscriber designated to receive such notification, shall be so advised. If an authorized representative of the Subscriber is not at the premises, and the service cannot be restored temporarily, the Company will dispatch a notification to the Subscriber to that effect by mail, telegraph or telephone, and will have no further responsibility hereunder.

8. In view of the nature of the Company's business and the hazards involved in its operation, and in consideration of the service charge set forth above, it is mutually agreed that the Company shall not be liable as an insurer of property or for any loss or damage which may at any time be occasioned by or because of the improper working of any equipment or connecting circuit, or by or because of the failure of an emergency alarm to be received at the Central Station, or for or on account of the failure of the Company to notify the Police Department of such emergency alarm, or of the failure of the Police Department to accept or receive such notification, or for or on account of any failure of its employees or others, or for any loss or damage due to non-performance or delay caused by strikes of the Company's employees or the employees of others, or by other labor disturbances, riots, war, authority of law, or acts of God, or the public enemy. If there shall, notwithstanding the above provisions, at any time be or arise any liability on the part of the Company by virtue of this agreement or because of the relation hereby established, whether due to the negligence of the Company or otherwise, such liability is and shall be limited to a sum equal in amount to the emergency alarm service charge hereunder for the period of service — not to exceed one year — which sum shall be paid and received as liquidated damages.

9. This Agreement shall continue in force for and during an initial period beginning with the date hereof and continuing for..... from the first day of the month following the date that connection with the Central Station is first made hereunder, and unless terminated at the end of said initial period by notice in writing by either party to the other at least thirty days before the expiration of said period, shall continue in force thereafter for and during successive periods of one year each until terminated at the end of any such period by notice, as above provided.

In Witness Whereof, the Company and the Subscriber have caused this agreement to be executed this.....
.....day of....., 19 .....

WITNESS:

HOLMES ELECTRIC PROTECTIVE COMPANY,

.....

By.....
Contract Agent.

WITNESS:

SUBSCRIBER.....

.....

By.....

This Agreement is accepted on the condition that the Company is able to procure and use the materials required to make the protective installation provided for herein. In the event the Company is unable to make the protective installation, it shall refund any advance payment which may have been made by the subscriber under this Agreement and shall be relieved of any and all obligation arising thereunder.

SPECIAL NOTICE REGARDING YOUR FIRE INSURANCE POLICY

In order that you will be covered against loss by fire damage to the protective equipment, your fire insurance policy should include the following:

"Including the insured's liability for the Holmes Electric Protective Equipment."

This provision may be of importance in securing complete fire coverage of your premises and its contents.

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[Fol. 3019]

SCHEDULE OF INSTALLATION

Except as in paragraph 1 of this contract as follows—
"Standard hands and make a part hereof."

This Agreement cannot be varied except by an officer of the Company in writing.

[fol. 3020] **This Agreement cannot be varied except by an officer of the Company in writing.**

COMPANY'S ORIGINAL

Agreement for Electric Protective Service

This Agreement between the HOLMES ELECTRIC PROTECTIVE COMPANY, hereinafter called the Company, and .....hereinafter called the Subscriber,

Witnesseth: That the said parties for and in consideration of the mutual covenants herein contained do hereby mutually agree as follows:

1. The Company will furnish its electric protective service to the Subscriber in connection with the Subscriber's premises at by means of the electric protective equipment specified in the Schedule of Installation attached hereto and made a part hereof, connected by individual circuit or circuits with a Central Station of the Company. The Subscriber will accept service hereunder within thirty days after completion of installation of the Company's apparatus and will permit the Company's employees to have access to the premises at all reasonable times to carry out this agreement and to install, inspect, adjust, repair or remove the equipment or any part thereof and will furnish the Company from time to time with such keys and other means as will give ready access to the premises.

All walls, floors, ceilings, openings, or other portions of the premises not mentioned or referred to in the said Schedule of Installation are left unprotected hereunder.

2. The subscriber will pay to the Company:

(a) Upon the completion of the installation of the equipment specified in the said Schedule of Installation and before any electric protective service is furnished hereunder an installation and connection charge of $.

The foregoing installation charge provides for the work being done by the Company's employees only, starting at 8 A.M. and stopping at 5 P.M. on regular business days from Monday to Friday, inclusive.

(b) During the term of this agreement an electric protective service charge of $ per month, payable monthly in advance.

(c) Upon the rendition of bills therefor charges for special services hereinafter described in accordance with the Company's established schedules.

3. The circuit or circuits, the station set, all signs, name plates and all interior wiring including screens, window taping, stripping, springs, spring blocks, protective panels, traps, and other apparatus which the Company may from time to time place in or about the premises for the purpose of this agreement, shall be and remain the property of the Company; and the Subscriber agrees not to permit, in connection therewith, the attachment or use of any apparatus or appliance which is not furnished by the Company.

All work of maintenance, repair and reinstallation shall be performed by the Company at the expense of the Subscriber. Where the Company finds that such work is necessary it will notify the Subscriber and furnish him with an estimate of the cost of the work to be done on the Subscriber's written authorization.

In the event that any of the equipment specified in the said Schedule of Installation shall become out of order or require maintenance, repair or reinstallation, then, upon notification thereof being given to the Subscriber by the Company, such equipment shall be deemed to be, and may be cut out of the protective installation, and the portion of the premises affected shall be unprotected hereunder until the required maintenance, repair or reinstallation shall have been completed pursuant to the written authorization of the Subscriber.

4. The Subscriber will designate to the Company in advance the time or times at which the protection may be opened, and when opening will give the proper opening signal promptly to the Central Station. If the opening signal is not given promptly, or if the Subscriber or a representative of the Subscriber shall cause the premises to be opened at other than the designated opening time or times without previously notifying the Company of his intention so to open, thus causing the Company to render the special service of sending a man to visit the premises unnecessarily, the Subscriber will pay for such special service as above provided.

5. Whenever closing the protection, the Subscriber or a representative of the Subscriber will set the alarm properly, will signal the Central Station of his intention to close, and will remain upon the premises until notified by signal that proper connection with the Central Station has been established. If such connection with the Central Station cannot be established at the time by reason of a condition existing on the Subscriber's premises, the Company will send a man to the premises to set the alarm properly, if possible, and to make such temporary or minor repairs as may be required. If it comes to the Company's attention that the premises have been left without the alarm being set properly, the Company will dispatch a man to establish a proper closing, if possible, except where it is known to the Company that a proper connection with the Central Station cannot be established due to a condition existing outside of the Subscriber's premises. If the closing cannot be established the Company will dispatch a notification to the Subscriber or to a representative of the Subscriber of its inability to do so and thereupon the Company's obligation to furnish service hereunder will be considered as temporarily suspended until such time as proper connection with the Central Station can be established. Subject to the limitations contained in Paragraph 8 hereof, the Company will, however, where the Subscriber or a representative of the Subscriber is not at the premises, assign a watchman to the premises for a period not to exceed two hours, pending the arrival of the Subscriber or his representative. The Subscriber on rendition of bills therefor will pay for the special service of setting the alarm properly, making said temporary minor repairs, and watching as above provided.

6. Whenever an alarm is received at the Central Station, the Company will send a man to the premises who, if able to enter the premises, will inspect the equipment to ascertain the cause of the alarm, except where it is known to the Company that the cause of the alarm is due to a condition existing outside of the Subscriber's premises, in which case the Company will endeavor, in so far as it is able, to remedy the condition and restore service.

(a) If the inspection shows only that the equipment is out of order, it will be repaired temporarily, if possible.

(b) If the inspection shows that the alarm is due to interference with the equipment caused by the efforts of a person not authorized under this agreement to enter the premises, or caused by an accident or by action of the elements, the Company will restore the service, if possible.

(c) In all cases, the Company will dispatch a notification to the Subscriber of the alarm and of the result of any inspection. If the service cannot be restored, the Company's obligation to furnish such service will be considered as temporarily suspended as of the time of the dispatching of such notification. Subject to the limitations contained in Paragraph 8 and other conditions hereof, the Company will endeavor to assign a watchman to the premises. Such watchman service, however, shall be for a period of not longer than two hours from the time such notification is dispatched, unless prior to the expiration of such period the Subscriber or a representative of the Subscriber authorizes the watch to be continued at the Subscriber's expense for a longer time. If the protection is inoperative for reasons within the control of the Company, the cost of the watchman service for such two hour period shall be borne by the Company but if the protection is inoperative because of conditions beyond the control of the Company, such cost shall be borne by the Subscriber.

7. All notifications to the Subscriber provided for herein may be either oral or in writing and may be dispatched or communicated by U. S. Mail, telephone, telegraph or messenger to the address which the Subscriber has previously filed in writing with the Company for that purpose, except that whenever the Subscriber or an authorized representative of the Subscriber is at the premises at the time the notification is to be dispatched as provided for hereunder, such notification may be given to the Subscriber or to such authorized representative at the premises. The Subscriber will reimburse the Company for any and all expenses incurred by it in dispatching such notifications when the necessity for them arises through any fault or failure on the part of the Subscriber or a representative or employee of the Subscriber.

(a) The Subscriber may also file with the Company in writing the names, addresses and signatures of any other person or persons authorized to represent, act for and receive notifications for the Subscriber under this Agreement.

8. If for any reason the Company does not have a watchman available to watch in any particular case as provided in Paragraphs 5 and 6 hereof, it will send a notification of that fact to the Subscriber or to the Subscriber's representative and by so doing will be deemed to have performed all the service required of it hereunder.

9. The Subscriber hereby authorizes and directs any man sent to the premises by the Company to detain or cause the detention of or hold in custody for and on the Subscriber's behalf and upon the Subscriber's responsibility, any person found in or about the premises who is, in the judgment of said man, unable properly or satisfactorily to identify himself through the means furnished the Company by the Subscriber, as a person having lawful authority to be in or about said premises; and the Subscriber will indemnify and save harmless the Company from and against any and all liability and expense of any and every kind growing out of any and all claims or causes of action by reason thereof, including claims or causes of action for assault, false arrest or false imprisonment.

10. In view of the nature of the Company's business and the hazards involved in its operation, and in consideration of the service charge set forth above, it is mutually agreed that the Company shall not be liable as an insurer of property, or for any loss or damage which may at any time be occasioned by or because of the improper working of any equipment or connecting circuit, or by or because of the failure of an alarm to be received at the Central Station, or by or because of any delay in sending a man to the premises to establish a proper closing or to investigate an alarm, or on account of any failure of its employees or others, or for any loss or damage due to non-performance or delay caused by strikes of the Company's employees or the employees of others, or by other labor disturbances, riots, war, authority of law, or acts of God, or the public enemy; or for any loss or damage resulting from fire, electricity, gas or water, rain or snow, or by reason of breakage, leakage or obstruction of water pipes, soil

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pipes, drain pipes, or from any cause whatever to the Subscriber or to the premises of the Subscriber, or to the goods, chattels or other property at any time contained therein. If there shall, notwithstanding the above provisions, at any time be, or arise any liability on the part of the Company by virtue of this agreement, or because of the relation hereby established, whether due to the negligence of the Company or otherwise, such liability is and shall be limited to a sum equal in amount to the electric protective service charge hereunder for the period of service—not to exceed one year—which sum shall be paid and received as liquidated damages.

11. In the event that any equipment, connecting circuit or Central Station apparatus becomes inoperative as a result of any repairs or alterations to the Subscriber's premises, or as a result of an accident, or of the action of the elements, or when firemen, fire insurance patrolmen or policemen are on or in control of the premises, the Company's obligation to furnish service will be considered as temporarily suspended, commencing with the time that notification thereof has been dispatched to the Subscriber or to a representative of the Subscriber. An allowance will be made for the period during which the same is inoperative, as follows:

(a) If the equipment or that part of a connecting circuit which is on the Subscriber's premises becomes inoperative due to such a condition on or due to such an occupation or control of the Subscriber's premises, then at a rate equal to fifty per cent. of the monthly rate specified in this agreement, or

(b) If the Central Station apparatus or that part of a connecting circuit which is not on the Subscriber's premises becomes inoperative due to a condition in the Company's Central Station or of a connecting circuit, then at a rate equal to the full monthly rate specified in this agreement,

and in such an event the obligation of the Company will be limited to such allowance.

12. The Company agrees that in the event of the Subscriber closing his premises for one week or more, the Company will not more than twice in any calendar year, at the expense of the , temporarily wire all openings not already protected hereunder, and provide such temporary closet and trapping protection as may be reasonably required by the Subscriber during the period of inoccupancy. Thereafter, and as long as said premises remain closed and unoccupied during the term of this agreement, it is understood that, subject to the other provisions of this agreement:

(a) The Company will have the premises inspected at intervals and notify the Subscriber or his authorized representative of any irregularities that may be found.

(b) Should the Subscriber desire to be admitted to the premises during the time that it is under additional temporary protection, or should he desire that representatives, employees, plumbers, decorators, etc., be admitted, the Company will upon proper authorization given reasonably in advance, send a man to open and close the premises and to watch while open, if desired. The Subscriber will pay for such special service as above provided.

(c) The Subscriber will advise the Company in advance when the premises are finally to be opened for re-occupancy and the temporary and additional protection discontinued. Upon receipt of such notice reasonably in advance, the Company will arrange for the removal of the temporary wiring at its own expense.

13. Upon a violation by the Subscriber of any of the covenants or agreements herein contained, on the Subscriber's part to be kept, observed and performed, or upon the Subscriber abandoning the premises or renting or subletting the same, or any part thereof, or preventing the Company from furnishing its service hereunder, or if the Subscriber's right to possession and/or ownership of the premises, and/or the contents thereof is questioned, then in any such event the Company may (a) suspend without notice all service hereunder and under any agreements entered into in connection herewith; or (b) terminate this agreement and any agreements entered into in connection herewith by notice to the Subscriber to that effect, without prior suspension of service or following suspension and, in case of either suspension or termination, sever the connection and remove any or all of its equipment from the Subscriber's premises. Unless this agreement is terminated as above provided, it shall continue in force for and during an initial period beginning with the date hereof, and continuing for three years from the first day of the month following the date that connection with the Central Station is first made hereunder, and thereafter without further writing for and during successive periods of one year each until terminated at the end of said initial period or any successive period by thirty days' prior notice in writing by either party to the other. In the event that the right to terminate this agreement shall enure to and be exercised by the Company hereunder subsequent to the date that connection with the Central Station is first made and prior to a termination date of this agreement as herein provided, the Subscriber shall immediately pay to the Company as damages a sum equal to fifty per cent. of the electric protective service charge for the balance of the initial or the current successive period. In the event that the right to terminate this agreement shall enure to and be exercised by the Company prior to the making of connection with the Central Station hereunder, then the Subscriber shall immediately pay to the Company as damages a sum equal to the amount of the cost to the Company, at the date of termination, of the work performed by the Company upon equipment for the Subscriber's premises or in connection with its installation plus a sum equal to fifty per cent. of the electric protective service charge for one year. Said sums shall be paid and received as liquidated damages and not as penalties.

It is understood and agreed that the equipment and service hereunder will be furnished and used in accordance with and subject to such reasonable rules and regulations as may from time to time be established by the Company.

In Witness Whereof, the Company and the Subscriber have caused this agreement to be executed this..... day of.....19

HOLMES ELECTRIC PROTECTIVE COMPANY,

By.....
Contract Agent.

SUBSCRIBER

Witness

.....

.....

SCHEDULE OF INSTALLATION,
Referred to in paragraph 1 of this contract as being—
"Attached hereto and made a part hereof."

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This Agreement is accepted on the condition that the Company is able to procure and use the materials required to make the protective installation provided for herein. In the event the Company is unable to make the protective installation, it shall refund any advance payment which may have been made by the subscriber under this Agreement and shall be relieved of any and all obligation arising thereunder.

[fol. 3021] **This Agreement cannot be varied except by an officer of the Company in writing.**

COMPANY'S ORIGINAL

Agreement for Electric Protective Service

This Agreement between the HOLMES ELECTRIC PROTECTIVE COMPANY hereinafter called the Company,

and.....hereinafter called the Subscriber,

Witnesseth: That the said parties for and in consideration of the mutual covenants herein contained do hereby mutually agree as follows:

1. The Company will furnish its electric protective service to the Subscriber in connection with the Subscriber's premises at by means of the electric protective equipment specified in the Schedule of Installation attached hereto and made a part hereof, connected by individual circuit or circuits with a Central Station of the Company. The Subscriber will accept service hereunder within thirty days after completion of installation of the Company's apparatus and will permit the Company's employees to have access to the premises at all reasonable times to carry out this agreement and to install, inspect, adjust, repair or remove the equipment or any part thereof and will furnish the Company from time to time with such keys and other means as will give ready access to the premises.

All walls, floors, ceilings, openings, or other portions of the premises not mentioned or referred to in the said Schedule of Installation are left unprotected hereunder.

2. The subscriber will pay to the Company:

(a) Upon the completion of the installation of the equipment specified in the said Schedule of Installation and before any electric protective service is furnished hereunder an installation and connection charge of $.

The foregoing installation charge provides for the work being done by the Company's employees only, starting at 8 A.M. and stopping at 5 P.M. on regular business days from Monday to Friday, inclusive.

(b) During the term of this agreement an electric protective service charge of $ per month, payable monthly in advance.

(c) Upon the rendition of bills therefor charges for special services hereinafter described in accordance with the Company's established schedules.

3. The circuit or circuits, the station set, all signs, name plates and all interior wiring including screens, window taping, stripping, springs, spring blocks, protective panels, traps, and other apparatus which the Company may from time to time place in or about the premises for the purpose of this agreement, shall be and remain the property of the Company; and the Subscriber agrees not to permit, in connection therewith, the attachment or use of any apparatus or appliance which is not furnished by the Company.

All work of maintenance, repair and reinstallation shall be performed by the Company at the expense of the Subscriber. Where the Company finds that such work is necessary it will notify the Subscriber and furnish him with an estimate of the cost of the work to be done on the Subscriber's written authorization.

In the event that any of the equipment specified in the said Schedule of Installation shall become out of order or require maintenance, repair or reinstallation, then, upon notification thereof being given to the Subscriber by the Company, such equipment shall be deemed to be, and may be cut out of the protective installation, and the portion of the premises affected shall be unprotected hereunder until the required maintenance, repair or reinstallation shall have been completed pursuant to the written authorization of the Subscriber.

4. The Subscriber will designate to the Company in advance the time or times at which the protection may be opened, and when opening will give the proper opening signal promptly to the Central Station. If the opening signal is not given promptly, or if the Subscriber or a representative of the Subscriber shall cause the premises to be opened during any closed period at other than the designated opening time or times without previously notifying the Company of his intention so to open, thus causing the Company to render the special service of sending a man to visit the premises unnecessarily, the Subscriber will pay for such special service as above provided.

5. Whenever closing the protection, the Subscriber or a representative of the Subscriber will set the alarm properly, will signal the Central Station of his intention to close, and will remain upon the premises until notified by signal that proper connection with the Central Station has been established. If such connection with the Central Station cannot be established at the time by reason of a condition existing on the Subscriber's premises, the Company will send a man to the premises to set the alarm properly, if possible, and to make such temporary or minor repairs as may be required. If it comes to the Company's attention that the premises have been left without the alarm being set properly, the Company will dispatch a man to establish a proper closing, if possible, except where it is known to the Company that a proper connection with the Central Station cannot be established due to a condition existing outside of the Subscriber's premises. If the closing cannot be established the Company will dispatch a notification to the Subscriber or to a representative of the Subscriber of its inability to do so and thereupon the Company's obligation to furnish service hereunder will be considered as temporarily suspended until such time as proper connection with the Central Station can be established. Subject to the limitations contained in Paragraph 8 hereof, the Company will, however, where the Subscriber or a representative of the Subscriber is not at the premises, assign a watchman to the premises for a period not to exceed two hours, pending the arrival of the Subscriber or his representative. The Subscriber on rendition of bills therefor will pay for the special service of setting the alarm properly, making said temporary minor repairs, and watching as above provided.

6. Whenever an alarm is received at the Central Station, the Company will send a man to the premises who, if able to enter the premises, will inspect the equipment to ascertain the cause of the alarm, except where it is known to the Company that the cause of the alarm is due to a condition existing outside of the Subscriber's premises, in which case the Company will endeavor, in so far as it is able, to remedy the condition and restore service.

(a) If the inspection shows only that the equipment is out of order, it will be repaired temporarily, if possible.

(b) If the inspection shows that the alarm is due to interference with the equipment caused by the efforts of a person not authorized under this agreement to enter the premises, or caused by an accident or by action of the elements, the Company will restore the service, if possible.

(c) In all cases, the Company will dispatch a notification to the Subscriber of the alarm and of the result of any inspection. If the service cannot be restored, the Company's obligation to furnish such service will be considered as temporarily suspended as of the time of the dispatching of such notification. Subject to the limitations contained in Paragraph 8 and other conditions hereof, the Company will endeavor to assign a watchman to the premises. Such watchman service, however, shall be for a period of not longer than two hours from the time such notification is dispatched, unless prior to the expiration of such period the Subscriber or a representative of the Subscriber authorizes the watch to be continued at the Subscriber's expense for a longer time. If the protection is inoperative for reasons within the control of the Company, the cost of the watchman service for such two hour period shall be borne by the Company but if the protection is inoperative because of conditions beyond the control of the Company, such cost shall be borne by the Subscriber.

7. All notifications to the Subscriber provided for herein may be either oral or in writing and may be dispatched or communicated by U. S. Mail, telephone, telegraph or messenger to the address which the Subscriber has previously filed in writing with the Company for that purpose, except that whenever the Subscriber or an authorized representative of the Subscriber is at the premises at the time the notification is to be dispatched as provided for hereunder, such notification may be given to the Subscriber or to such authorized representative at the premises. The Subscriber will reimburse the Company for any and all expenses incurred by it in dispatching such notifications when the necessity for them arises through any fault or failure on the part of the Subscriber or a representative or employee of the Subscriber.

(a) The Subscriber may also file with the Company in writing the names, addresses and signatures of any other person or persons authorized to represent, act for and receive notifications for the Subscriber under this Agreement.

8. If for any reason the Company does not have a watchman available to watch in any particular case as provided in Paragraphs 5 and 6 hereof, it will send a notification of that fact to the Subscriber or to the Subscriber's representative and by so doing will be deemed to have performed all the service required of it hereunder.

9. The Subscriber hereby authorizes and directs any man sent to the premises by the Company to detain or cause the detention of or hold in custody for and on the Subscriber's behalf and upon the Subscriber's responsibility, any person found in or about the premises who is, in the judgment of said man, unable properly or satisfactorily to identify himself through the means furnished the Company by the Subscriber, as a person having lawful authority to be in or about said premises; and the Subscriber will indemnify and save harmless the Company from and against any and all liability and expense of any and every kind growing out of any and all claims or causes of action by reason thereof, including claims or causes of action for assault, false arrest or false imprisonment.

10. In view of the nature of the Company's business and the hazards involved in its operation, and in consideration of the service charge set forth above, it is mutually agreed that the Company shall not be liable as an insurer of property, or for any loss or damage which may at any time be occasioned by or because of the improper working of any equipment or connecting circuit, or by or because of the failure of an alarm to be received at the Central Station, or by or because of any delay in sending a man to the premises to establish a proper closing or to investigate an alarm, or on account of any failure of its employees or others, or for any loss or damage due to non-performance or delay caused by strikes of the Company's employees or the employees of others, or by other labor disturbances, riots, war, authority of law, or acts of God, or the public enemy; or for any loss or damage resulting from fire, electricity, gas or water, rain or snow, or by reason of breakage, leakage or obstruction of water pipes, soil

2233

SPECIAL NOTICE REGARDING YOUR FIRE INSURANCE POLICY

In order that you will be covered against loss by fire damage to the protective equipment, your fire insurance policy should include the following:

"Including the insured's liability for the Holmes Electric Protective Equipment."

This provision may be of importance in securing complete fire coverage of your premises and its contents.

pipes, drain pipes, or from any cause whatever to the Subscriber or to the premises of the Subscriber, or to the goods, chattels, or other property at any time contained therein. If there shall, notwithstanding the above provisions, at any time be, or arise any liability on the part of the Company by virtue of this agreement, or because of the relation hereby established, whether due to the negligence of the Company or otherwise, such liability is and shall be limited to a sum equal in amount to the electric protective service charge hereunder for the period of service—not to exceed one year—which sum shall be paid and received as liquidated damages.

11. In the event that any equipment, connecting circuit or Central Station apparatus becomes inoperative as a result of any repairs or alterations to the Subscriber's premises, or as a result of an accident, or of the action of the elements, or when firemen, fire insurance patrolmen or policemen are on or in control of the premises, the Company's obligation to furnish service will be considered as temporarily suspended, commencing with the time that notification thereof has been dispatched to the Subscriber or to a representative of the Subscriber. An allowance will be made for the period during which the same is inoperative, as follows:

(a) If the equipment or that part of a connecting circuit which is on the Subscriber's premises becomes inoperative due to such a condition on or due to such an occupation or control of the Subscriber's premises, then at a rate equal to fifty per cent. of the monthly rate specified in this agreement, or

(b) If the Central Station apparatus or that part of a connecting circuit which is not on the Subscriber's premises becomes inoperative due to a condition in the Company's Central Station or of a connecting circuit, then at a rate equal to the full monthly rate specified in this agreement,

and in such an event the obligation of the Company will be limited to such allowance.

12. Upon a violation by the Subscriber of any of the covenants or agreements herein contained, on the Subscriber's part to be kept, observed and performed, or upon the Subscriber abandoning the premises or renting or subletting the same, or any part thereof, or preventing the Company from furnishing its service hereunder, or if the Subscriber's right to possession and/or ownership of the premises, and/or the business being conducted therein and/or the contents thereof is questioned, then in any such event the Company may (a) suspend without notice all service hereunder and under any agreements entered into in connection herewith; or (b) terminate this agreement and any agreements entered into in connection herewith by notice to the Subscriber to that effect, without prior suspension of service or following suspension and, in case of either suspension or termination, sever the connection and remove any or all of its equipment from the Subscriber's premises. Unless this agreement is terminated as above provided, it shall continue in force for and during an initial period beginning with the date hereof, and continuing for three years from the first day of the month following the date that connection with the Central Station is first made hereunder, and thereafter without further writing for and during successive periods of one year each until terminated at the end of said initial period or any successive period by thirty days' prior notice in writing by either party to the other. In the event that the right to terminate this agreement shall enure to and be exercised by the Company hereunder subsequent to the date that connection with the Central Station is first made and prior to a termination date of this agreement as herein provided, the Subscriber shall immediately pay to the Company as damages a sum equal to fifty per cent. of the electric protective service charge for the balance of the initial or the current successive period. In the event that the right to terminate this agreement shall enure to and be exercised by the Company prior to the making of connection with the Central Station hereunder, then the Subscriber shall immediately pay to the Company as damages a sum equal to the amount of the cost to the Company, at the date of termination, of the work performed by the Company upon equipment for the Subscriber's premises or in connection with its installation plus a sum equal to fifty per cent. of the electric protective service charge for one year. Said sums shall be paid and received as liquidated damages and not as penalties.

It is understood and agreed that the equipment and service hereunder will be furnished and used in accordance with and subject to such reasonable rules and regulations as may from time to time be established by the Company.

This Agreement is accepted on the condition that the Company is able to procure and use the materials required to make the protective installation provided for herein. In the event the Company is unable to make the protective installation, it shall refund any advance payment which may have been made by the subscriber under this Agreement and shall be relieved of any and all obligation arising thereunder.

2234

In Witness Whereof, the Company and the Subscriber have caused this agreement to be executed this_____ day of_____ 19

HOLMES ELECTRIC PROTECTIVE COMPANY,

By_____
Contract Agent.

SUBSCRIBER

Witness

_____

_____

SCHEDULE OF INSTALLATION

Referred to in paragraph 1 of this contract as being—
"Attached hereto and made a part hereof."

_____

Unprotected points particularly called to Subscriber's attention.

The partitions, walls, openings, etc., enumerated below are particularly called to the Subscriber's attention as being among the portions of the premises left unprotected.

[fol. 3022] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 308

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

Stipulation No. 1

It is hereby stipulated and agreed by and between the Plaintiff, United States of America, and Defendants Grinnell Corporation, American District Telegraph Company, Holmes Electric Protective Company, and the Automatic Fire Alarm Company of Delaware, by their respective counsel, as follows:

[fol. 3023] (1) By making this stipulation, no party concedes the competence, relevancy, materiality, truth or accuracy of content, purpose, or any other thing with respect to any of the documents covered by this stipulation, other than those things which are expressly stated in this stipulation. Nothing contained in the stipulation shall be deemed to be a waiver by any party of any objection to the introduction in evidence of any documents covered by this stipulation on any ground not expressly covered herein.

(2) All documents intended to be offered in evidence by the Plaintiff during its case in chief shall be listed as described in paragraph 4 of this stipulation, and the documents so listed shall be immediately made available for inspection and/or copying by counsel for Defendants. Such list is attached hereto as Appendix A of this stipulation.

(3) All documents intended to be offered in evidence by each Defendant shall be listed in the manner described in paragraph 4 of this stipulation. At least fifteen days in advance of trial, counsel for each Defendant shall, insofar as possible, deliver a tentative list of such documents to counsel for Plaintiff, and make the documents so listed

available for inspection and/or copying by counsel for Plaintiff. Promptly after the close of the Plaintiff's case in chief, counsel for each Defendant shall deliver a final list of documents to counsel for Plaintiff, and make the documents so listed available for inspection and/or copying by counsel for Plaintiff.

[fol. 3024] (4) The document list referred to in paragraphs 2 and 3 of this stipulation shall contain the document identification number of each document, or, where necessary, a description of each document, and the name of the defendant, third party, or Governmental agency from whose file counsel submitting the list represents each document was produced.

(5) Documents which are not marked, listed, and made available to counsel pursuant to paragraphs 2, 3 and 4 of this stipulation shall not be offered in evidence by any party, except after reasonable notice to counsel for other parties.

(6) The presumptions provided for hereinafter in paragraphs 7 through 11 inclusive, of this stipulation, shall apply only to the documents marked, listed and made available pursuant to paragraphs 2, 3 and 4 of this stipulation.

(7) Any document which counsel for any party represents to have come from the files of any other party, or any third party, shall be presumed to have come from such file, and to be authentic, genuine and unaltered, except for identifying marks placed upon it by counsel.

(8) If a document is signed or on its face otherwise indicates the identity of the author thereof, it shall be presumed to have been written by that person on or about the date the document bears.

[fol. 3025] (9) If a carbon or other copy of a document shows the initials of the dictator, or if initials are not shown and the name of the author of the document can reasonably be determined by reference to the internal evidence of the document or external circumstances, then the offering party may indicate the full name of such person, which may be placed on the face of the document in brackets, and then it will be presumed that the person so indicated was the writer of the document. The offering party shall place the name of such person on the face of each such document at the time the document is listed and made available pursuant to paragraphs 2, 3 and 4 of this stipulation. Such documents to be offered by the Plaintiff are listed in Appendix B to this stipulation.

(10) Letters, telegrams, memoranda, and other documents which indicate on their face that they were prepared to be sent to a person whose name or identity is shown on the face of the communication shall be presumed to have been received by the person indicated. Where the face of the document indicates that a copy was sent to any person other than the addressee, it shall be presumed to have been received by the person indicated.

(11) Carbon copies of original documents and reproductions of documents shall be presumed to be true and correct, and they may be offered in evidence with the same force and effect as the original document.

[fol. 3026] (12) Each of the presumptions provided for in paragraphs 7 through 11 inclusive of this stipulation shall be subject to rebuttal with all parties having full opportunity to tender corrections. Any party who intends to seek to rebut any of such presumptions shall give written notice thereof to the other parties as promptly as circumstances permit.

(13) Any parties intending to offer in evidence an excerpt from a document, shall tender such document to all other parties at the time it makes the listed documents available to other counsel pursuant to paragraphs 2, 3 and 4 of this stipulation. If a party serves a written notice objecting to the use of an excerpt, the entire document must be offered in evidence. Upon failure of any party to serve a written notice objecting to the use of the excerpt, the objection to the use of the excerpt, rather than the whole document, shall be waived. By failure to serve such notice objecting to the use of an excerpt the party does not waive any other objection to an excerpt. If an excerpt is received in evidence, any party may offer other portions of the document from which that excerpt was taken.

Noel E. Story, Hugh P. Morrison, Jr., Attorneys, Department of Justice.

[fol. 3027] Frank A. Fritz., Jr., Counsel for Defendants, American District Telegraph Company, Holmes Electric Protective Company, and the Automatic Fire Alarm Company of Delaware. Denis G. McInerney, Counsel for Defendant, Grinnell Corporation.

Dated: —.

[fol. 3028]

Appendix A

American District Telegraph Company Documents

32983–32992	33199–33206	100361
32929–32933	33208–33227	100382–100383
33029–33034	32519	32553–32563
33013–33023	100450–100454	32944–32947
33035–33039	100136	44305
33044–33047	101475–101480	44208–44209
33048–33066	16149–16155	32538–32552
33067–33073	16147–16148	29577–29578
32854–32858	16328–16329	100401
32844–32853	101065–101066	29600
32786–32794	101577–101578	44212
32825–32837	101483–101484	29586
32812–32819	101429–101430	13087
33126–33134	33181–33189	13086
32795–32802	33164–33168	32527–32531
33106–33110	33162	32507–32508
33118–33123	33163	32514
33138–33140	33161	32505
33135	33160	32501
33195–33198	101628–101629	100548
33245–33253	101443–101444	101134
33232–33243	33155–33156	101666–101668

[fol. 3029]

100130–100131	11873–11875	02219–02222
43936	17240–17244	43569–43570
32003–32004	09157	100470
17067–17069	43932	101782–101783
101589–101591	43160	43678
43646–43648	43918–43919	43437–43438
100562	00889–00919	43541
101599–101600	44000–44001	43379
43635	01361–01363	43927–43928
43688	42972	43170–43171
15924–15926	42968	43934–43935
05817	43660	02334–A
16575	43669	42857
05125–05126	43747	43349–43350
15930–15931	43595–43597	29042
15913–15914	43888	100516–100518
08305–08307	43230–43232	43536
05106–05108	43370–43371	43332–43333
17921–17923	43796–43797	42799–42800
05819	43657	43733
15932–15933–A	68489	43069
13925–13927	68171	43032
17924–17925	43854–43856	44034–44035
15512–15516	13391–13395	42848

[fol. 3030]

43435	44161–44162	100881
42793	101037–101042	100883–100883–A
44166	100234–100237	100884
43426	100462–100467	00006–00011
42794–42795	102524–102525	100475–100476
42812–42817	102687–102691	100345
43363	100850–100851	17159–17161
43921–43923	100856–100858	16324–16327

41605 (contract data form, Trenton, New Jersey) 100873–100875 101178

100877–100879 17524
43001 100886 44140
101348–101349

[fol. 3031]

Page 1

Albany, New York

Competition Report			Contract Data	
02956	06139	04401	12162	12203
06159	04400		12180	12213
02969	03006		12191	12218
05138	03942			

Competition Report No. 653
dated 11–7–60
Grayrod Trucking Company, Inc.
405 North Pearl Street
Albany, New York

Atlanta, Georgia

Contract Data				Contract Data		
12510	12535	12585	12672	12664	12774	12455
12509	12541	12621	12726	12663	12779	12827
12507	12544	12620	12735	12736	12799	12834
12506	12546	12619		12675	12808	12836
12453	12548	12632		12686	12812	12866
12475	12571	12628		12701	12813	12875
12474	12572	12605		12702	12814	12881
12476	12579	12730		12703	12815	12879
12497	12584	12729		12764	12819	12878
12525	12586	12618		12771	12818	12868

[fol. 3032]

Page 2

Boston, Massachusetts

Competition Report		Contract Data		
06118	11017	14197	14356	15012
06124	10671	13856	14382	15128
02953	11200	13959	14434	15144
11051	02563	13967	14486	15433
11130	02963	13836	14491	15258
02962	03011	13976	13837	14337
11133		14036	14174	14315
02981		14113	42632	15254
		14130	14851	14271
		14238	14922	14264
		14245	14925	14266
		14215	14225	15301

Buffalo, New York

Contract Data

15875	15876	15750	15776	15843	16073
15873	15676	15687	15780	15845	16077
15685	15715	15757	15781	15850	15668
15684	15717	15788	15804	15851	15869
15630	15716	15789	15805	15853	16061
15631	15724	15793	15807	15835	16066
15633	15664	15798	15819	15861	16065
15608	15730	15797	15830	15671	16075
15641	15729	15796	15611	15735	16069
15645	15691	16067	16060	15736	16071
15646	15744	15817	15840	15872	16076
15659	15635	15773			

5-11-60 BA-DW 621
Buffalo China Inc.
25 Hayes Place
Buffalo 10, New York

[fol. 3033]

Page 3

Chicago, Illinois

Competition Report

				Contract Data		
09452	09604	09454	05298	16567	18489	19716
05193	02880	05198	11789	16719	18130	19758
03417	04431	09665	03974	16724	18133	19780
09681	05254	09526	09500	16649	18699	20586
04010	03277	03993	05197	17022	19030	20799
09678	05289	09503	09472	16951	19418	20859
03988	09532	03982	05213	16962	19147	17654
04029	09491	05255	09558	17567A	19434	21019
06220	11404	06197		17305	19250	21243
09594	02900	19951		17797	19488	21464
03382	03400	04465		17599	19393	21568
09484	04037			18058	19713	21587

Cincinnati, Ohio

21764	02368	06352	21603	21892	22045
02503	05373	06461	21606	21922	22171
05366	02320	06450	22262	21934	22149
02512	05375	08809	22261	21970	22241
05491	05377	08999	21719	21973	22239
02265	06339	02259	21766	21974	22251
06345	02346	05383	21785	22203	22177
02410	02501	02441	24058	22002	22179
02399	02477	02392	21797	22019	21806
			21866	22012	22089
				22121	22122

4-12-60 Report No. 212
Moskowitz Bros.
5300 Vine Street
Cincinnati 17, Ohio

[fol. 3034]

Page 4

Cleveland—East, Ohio

Competition Report			Contract Data		
02509	02397	01884	22379	22862	23288
06285	06293	02524	22541	23011	23397
08979	02481	04537	22765	23099	23438
06396	02308	05486	22652	23204	23632
04656	01917	05435	22457	23229	23740
06290	06346	06402	22740	23165	23904
08876	06289	02417	22811	23246	23916A
06274	02450	08885	22904	23427	23941
05429	01870	08963	22841		
02427	05423	08838			
01888	06270				
04068	06264				
01876	08989				
06238	02370				
02303					

Dallas, Texas

01201	01211	01349	24244	24431	24594
05637	01310		24172	24494A	24615
01233	08611		24184	24516	24614
08622	05691		24284	24538	24623
04650	04673		24292	24535	24641
08755	04648		24297	24533	24644
05624	05650		24308	24531	24646
07025	04154		24326	24560	24648
05652	04176		24329	24574	24650
07020	05685		24342	24575	24651
07003	04164		24373	25261	24654
01256	08655		24422	66820	24655
05682	08601			66821	24695
01305	05669			25259	24700
01208	01213			25256	27338
04659				25257	
				24588	
				24589	

[fol. 3035]

Page 5

12-15-59 Report No._____
BA, SSWF
General Services Admin.
Lynch Building
2101 Pacific Avenue
Dallas, Texas

3-21-56 BA-DW-021
Dal-tex Optical Company
1430 Dragon Street
Dallas, Texas

1-30-58 Report No. 72
AFA
United Auto Supply Company Inc.
1615 South Goodlattimer Expressway
Dallas, Texas

10-9-57 SSWF-051
Simmons Company
8600 Harry Hines Blvd.
Dallas, Texas

Dallas, Texas (Cont'd)

Competition Report	Contract Data
8-27-59 Report No._____ BA, SSWF Procter & Gamble Manufacturing Co. 1226 Loomis Street Dallas, Texas	7-18-55 BA-DW-021 A & A Liquor Store 4018 Ross Avenue Dallas, Texas
4-17-58 Report No. 82 SSWF Economies Laboratories Inc. of Texas 904 Regal Row Dallas, Texas	
11-12-58 Report No._____ BA & AFA ARA Manufacturing Company J. Avenue at 108th Street Dallas, Texas	

[fol. 3036]

Page 6

Dayton, Ohio

Competition Report			Contract Data
04593	04598	06480	24864
08857	05591	06398	24871
04595	03814	02395	24715
06377	08866	05511	24800
02353	08783	02278	24830
08851	05503	08871	24824
02421	08837	01865	
06353	06484	05512	
02437	06305	09000	
06384	50231	08761	
02350	08844	06409	
	06455		

6-7-60 Report No. 146
BA-DW
Beerman Stores, Inc.
153 East Helena Street
Dayton 4, Ohio

Denver, Colorado

Competition Report		Contract Data		
07482	00543	24789	25063	24983
08163	07458	24942	24892	24981
08111	07794	42595	24964	24967
07774	08089	24921	24953	25324
07773	00567	24920	24945	25322
00609	07786	25073	25008	25308
07781	07796	25356	24991	25302
07789	07798	24912	25012	25290
07790	00603	24907	25011	25288
	07800			25289

[fol. 3037]

Page 7

Detroit, Michigan

Competition Report

09280	10820	09405
09311	02137	09300
04638	09361	06861
09232	05533	09315
02059	02175	05520
02093	09350	10746
	02189	

10–20–59
BA, AFA, IS, MISC
Acme Foundry Company
2503 22nd Street
Detroit 16, Michigan

12–14–59
IPS, SSWF, AFA
Detroit Engineering & Machine Company
411 South Fort Street
Detroit 17, Michigan

4–15–59
AFA, BA, ID
National Brewing Company of Michigan
3765 Hurlbut Avenue
Detroit 14, Michigan

Contract Data

25984	25560	26416
26311	25752	26504
25425	25599	26527
25411	25518	26549
25373	26356	26555
25777	26380	26580
25489	26394	26607
25571	26403	

2–18–57 BA CKT 022
AJAX Distributing
111 S. Main Street
Royal Oak, Michigan

2–22–56 BA CKT 022
Jack Gell & Company
5700 Federal Avenue
Detroit 9, Michigan

3–25–57 BA CKT 022
The Great Atlantic & Pacific Tea Company
13600 Fullerton Avenue
Detroit 27, Michigan

3–19–56 BA DW 021
Grinnell Brothers
1515 Woodward Avenue
Detroit 26, Michigan

Houston, Texas

Competition Report

07056	05699	05742
05744	07066	01163
08485	08594	08535
08626	08533	08536
08641	05693	05759
08491	05727	05733
	08608	05735

Contract Data

27460	27965	28026
27386	27970	28052
27791	27871	28053
27920	27844	27859
27941	27888A	28562
27812	27898	28577
27815	27981A	28603
27803	28006	28604
27833	28010	

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Page 8

Indianapolis, Indiana

Competition Report			Contract Data		
09166	06930	05601	28989	29088	29198
09199	02078	06969	29016	29099	29199
09172	06914	09288	29006	29127	29207
06929	06940	06948	29007	29138	29214
06925	05594	06963	29034	29141	29241
10838	06921	09364	29041	29155	29250
02192	02008	09277	29043	29157	29267
06924	05600	05613	29055	29184	29279
09253	05542		29072	29186	29346
			29082	29185	

Los Angeles, California

01757	10269	04914	28223	31481	31895
07640	10386	07658	28232	28466	32001
04300	07912	04322	31347	31601	32081
07641	10350	01842	28259	31805	28745
10413	01848	01642	28295	31710	32160
07668	04901	01786	28301	31200	32167
07606	04905	01780	28324	31809	32321
06045	01667	10407	31456	28643	28908
10150	07738	01695	28367	31885	32755
04353	10251	01655	28393		
04837	10144	04858			

7-26-57 Report No. 43_____
SSWF CBA
Paper Mate Manufacturing Company
1681 26th Street
Santa Monica, California

[fol. 3039]

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Louisville, Kentucky

Contract Data			Contract Data		
32773	33276	33299	33305	33315	33345
32782	33280	33303	33306	33319	33344
33256	33287	33304	33307	33325	33351
33260	33295	33290	33308	33338	33349
33273	33296				

Memphis, Tennessee

33394	33432	33449	33481	33530	33572
33396	33433	33456	33482	33533	33573
33478	33437	33459	33485	33538	33575A
33411	33441	33460	33499	33540	33581
33413	33442	33463	33505	33539	33582
33414	33448	33467	33510	33566	33588
33414B	33436	33474			

[fol. 3040]

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Milwaukee, Wisconsin

Competition Report			Contract Data		
07146	07179	05881	33723	33806	33923
05903	04717	01397	33741	33833	33928
01481	07151	05893	33751	33837	33949
07154	01432	04727	33762	33877	33957
04713	01423	04748	33777	33882	33959
04745	05897	09069	33779	33906	33991
04746	01394	09089	33924	33920	34007
04736	05898	05900	33788		
05894	10576	07160			
09124	09143	10458			
05865	09107	09119			

Minneapolis, Minnesota

07166	01449	10612	34409	34480	34563
07196	10568	09032	34423	34497	34606
01427	01426	01425	34425	34498	34610
09037	07195	09140	34431	34515	34612
09061	09042		34445	34520	34618
			34453	34519	34619
			34460	34529	34555
			34458	34533	34643
			34525	34543	34633
			34524	34551	34640
			34465	34564	

Newark, New Jersey

01036	01061	07215	34772	34958	35049
00929	01064	44122	35284	35286	35082
04281	07221	00976	35006	34805	35139
01124	01073	00977	34906	35131	35214
01091	05967	06770	34833	34880	35266
00966	00978	00945	34842	34885	35334
06626	01002	00972	34957	34848	
07209	05958				

11-5-58 Report No. ———
SS&WF AERO
General Aniline & Film Corporation
Dyestuff & Chemical Division
Linden Plant (Grasselli Street),
Linden, New Jersey

[fol. 3041]

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New Orleans, Louisiana

Contract Data			Contract Data		
35507	35523	35547	35597A	35633	35645
35565	35518	35594	35666	35529	35615
35515	35540	35595	35670	35590	35655
35516	35620	35597	35629	35644	04766A
35522	35583	35601	35628	35611	04267

New York City, New York

Competition Report			Contract Data		
01110	01021	00953	35676	30541	30738
04235	05933	00931	34031	30646	30833
04766	01130	01010	30359	34175	36207
06744	02467	00996	30366	36010	30868
04242	01037	04801	30361	36029	30853
07314	00934	01141	30517	36055	30852
05922	07280	06639	30520	30788	36223
07311	04262	05947	34102	36101	30903
01117	00952	04791	30528	36102	36237
01052	04266		34114	30751	36243
06779	05939		34347	34293	34160
			34117	30995	30986
			30580	30999	30993
			30542	36205	34368A
			35954	31020	36133
			30601	36302	34386
					31092

Omaha, Nebraska

Contract Data			Contract Data		
36919	36929A	36937	36945	36954	36990
24044	36930	36940	36946	36953	36991
36921	24046	36941	36986	36952	36993
36925A	36931	36942	36987	24043	36960
36927	36936	24048	36951	36957	

[fol. 3042]

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Peoria, Illinois

Competition Report		Contract Data		
07825	07830	42560	37424	37440
00636	08082	42559	37429	37447
07397	08123	37422	37428	37454
07874	08088	37423	37439	37455
		37421	37438	

7-9-58 BA DW 021
Miracle Mart
3407 Prospect Road
Peoria, Illinois

Philadelphia, Pennsylvania

Competition Report	Contract Data		
00161	37577	37779	38074
03507	37580	37804	38066
02790	37772	37850	38096
00158	37488	37826	38141
03613	37515	37830	38152
07487	37514	37837	38161
00140	37513	37889	38167
	37520	37970	38178
	37556	37901	38195
	37594	37904	38201
	37617	37904A	38213
	37648	37912	38218
	37653	37963	38220
	37660	37919	38240
	37665	37925	38242
	37686	37931	38246
	37691	37929	38263
	37707	37943	38264
	37717	38010	38282
	37774	38016	38300
	37650	38021	38315
	37732	38023	10045
	37530	38082	

[fol. 3043]

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Portland, Oregon

Contract Data			Contract Data		
38482	38499	38515	38556	38570	38587
38477	38503	38516	38557	38572	38588
38487	38505	38517	38559	38575	38589
38488	38506	38519	38563	38577	38591
38490	38508	38530	38562	38579	38592
38494	38510	38531	38565	66769	38593
38495	38511	38527	38567	66770	38573
38498	38513	38534	38568	66771	38574
38496	38514	38536	38569	38581	38596
			38564	38583	38595

San Francisco, California

Competition Report			Contract Data
07338	00528	07341	40164
00502	06014	07330	40002
06018	06015	07321	40145
06497	06546	04290	40205
04883	06522	06506	
06593			

11-8-57 Report No. 8
Abercrombie & Fitch Co.
220 Post Street
San Francisco, California

11-8-57 SSWF 051
Abercrombie & Fitch Co.
220 Post Street
San Francisco, California

11-4-59 Report No. 25
BA DW
A. T. Emmerton Wholesale
Candy & Tobacco Co.
701 Phelps Street
San Francisco, California

9-30-58 AFA 011
Bank of America, N.T. & S.A.
1901 Kearny Street &
133 Francisco Street
San Francisco, California

11-16-59 Report No. 30
BA SSWF
Rathjen Bros., Inc.
2200 Army Street
San Francisco, California

5-4-59 BA DW 021
California Electric Supply Co.
16th St. and Pennsylvania Avenue

[fol. 3044]

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Seattle, Washington

Contract Data			Contract Data		
40390	40422	40456	40481	40514	40544
40397	40418	40457	40483	40524	40550
40399	40409	40467	40510	40540	40551
40434	40403	40468	40506	40539	40554
40396	40408	40469	40503	40543	40555
40431	40448	40476			

St. Louis, Missouri

Competition Report

07900	07404	07873
08051	00645	00662
07399	00561	07839
08250	08066	05017
00668	07868	07893
08129	07417	00598
08206	00626	05020
07842	07415	08199
07903	03152	08146
03165	00589	07869
00621	08211	07834
07412	00585	08162
		00652

6-10-59 Report No. 445
BA-WF&SS-IS-AFA
Endicott Johnson Corporation
1132 Spruce Street
St. Louis, Missouri

9-9-58 Report No. 368
WFSS&BA
Knapp-Monarch Company
3501 Bent Avenue
St. Louis, Missouri

11-25-59 Report No. 504
BA DW
Markwort Sporting Goods Company
4300 Forest Park Boulevard
St. Louis, Missouri

Contract Data

39107	39267	42721
39130A	39269	39390
39150	39284	39398
39194	39285	39459
39209	39288	39486
39222	39306	39347
39255	39323	39523

12-15-58 WF 051
Stickney-Hoelscher Company
1700 Macroni Street
St. Louis, Missouri

9-14-59 AFA 011
Angelica Uniform Company
1427 Olive Street
St. Louis, Missouri

11-16-56 BADW 021
Angelica Uniform Company
1427 Olive Street
St. Louis, Missouri

5-26-59 BA DW 021
General Foods Corp.
8840 Highway 66
Hazelwood, Missouri

7-26-56 AFA 011
Hammond Sheet Metal Company
119 Cass Avenue
St. Louis, Missouri

[fol. 3045]

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5-20-57 SSWF 051
Lammert Furniture Co.
7206 Weil Avenue
Shrewsbury, Missouri

Washington, D. C.

02855	04958	02695	41704	41829	41967
04959	04967	07559	41729	42131	41860
05094	03225	00136	41737	42132	41874
00265	08017	07580	41752	41848	41984
03236	03592	00144	41827	41863	42027
08004	04957	03561			42035
03719	00184	00231			
03231	00258	00096			
03238	00216	00209			
03709	08037	04954			
03227	03586	00150			
03233	07565	02822			
08003	03229	07998			
07554	00222	00154			
	04956	07574			

12–4–57 Report No. ———
RA DW-SSWF
Reliable Stores Corporation
T/A Hub Furniture Company
309–319 Seventh Street, N. W.
Washington, D. C.

[fol. 3046] Unnumbered American District Telegraph Company Documents

1. "Delegation of Authority", effective December 1, 1954.
2. ADT Annual Report for Fiscal Year 1953.
3. "Central Station Watchman's Reporting and Manual Fire Alarm Service" Contract, [ADT Form 40 (8-52)].
4. "Central Station Sprinkler Supervisory and Waterflow Alarm Service" contract, [ADT Form 76 (1-53)].
5. "Central Station Burglary and Holdup Protection Service" contract, [ADT Form 43 (11-54)].
6. "Central Station Automatic Fire Alarm Service" contract, [ADT Form 77 (12-52)].
7. Letter from James MacDonald, First Vice President, ADT; to Mr. Boyd Henry, FBI, New York, New York, dated March 15, 1960, [enclosing supplementary answers to interrogatories propounded by the FBI during investigation].
8. Supplementary Interrogatories received from Agent Boyd Henry, FBI, under date of February 18, 1960, and answers thereto.
9. "Comparative Summary of Percentages of Minimum Basic Service Charges Secured" (1957-1959).
10. "Comparative Summary of Percentages of Minimum Basic Service Charges Secured" (1960-1961).
11. *American District Telegraph Company Sales Manual: pages*

    1- 4 inclusive
    32-41 inclusive
    61
    65-66 inclusive
    68
    91-92 inclusive

[fol. 3047] *ADT Sales Manual; Appendix A:*

"ADT Instructions—Page No. 1211
Subject: Public Relations
October 10, 1958
Reference: General Bulletin No. 3"

General Circular No. 206
New York, April 21, 1952
Entitled: "Insurance and Other Organizations Concerned With ADT Protection Services."

ADT Sales Manual: Appendix D:

pages 4 and 5, entitled "Proposal Letter Number One."

page 6, entitled

"Analysis of Savings to Prospect & Howe Company with ADT Central Station Automatic Protection Services."

12. Municipalities served by ADT Central Stations. C.3(4-61).
13. General Instructions No. 41, New York, New York, November 15, 1954.
14. Agreement dated February 18, 1904, between Robert L. McElroy and ADT.
15. Agreement dated April 21, 1905, between McElroy and Automatic Fire Protection Company.
16. Three agreements dated April 29, 1907, involving ADT, AFP, General Fire Extinguisher Company, Automatic Fire Alarm Company, Consolidated Fire Alarm Company and Boston Automatic Fire Alarm Company.
17. Agreement dated June 13, 1913, between ADT, AFP, and Fire Protection Development Company.
18. Agreement dated January 1, 1949, between AFP and ADT.
19. Agreement dated December 29, 1952, between ADT and Grinnell.
20. Agreement dated September 28, 1906, between Holmes and ADT.
21. Agreement dated June 14, 1922, between Holmes, ADT and the American District Telegraph and Messenger Company.

[fol. 3048] 22. Memorandum from MacDonald to Eicker, dated August 5, 1953, re: "Advance Service Charge for Sprinkler Supervisory and Waterflow Alarm Services".

23. Memorandum from C. L. Chafee, District Sales Manager, to A. E. Smith, dated February 18, 1955, re: "Regional Sales Conference and District Sales Meeting 1955". (Cleveland, Ohio)

24. The following documents were delivered to the Government by Mr. Frank A. Fritz during the preliminary investigation, and were contained in a notebook entitled: *"Work Papers, Price Changes, 1950-1959"*.

(a) Memorandum from "Controller", to MacDonald, Vice President, dated July 18, 1958, entitled: "Rate Development".

(b) Memorandum from "Controller" to MacDonald, ADT, dated August 30, 1956, entitled: "Rate Development".

(c) Document entitled "Proposed Revisions in Advance Service Charges—8/28/56".

(d) Memorandum to File, from MacDonald, dated November 10, 1959.

(e) Memorandum from MacDonald to Eicker, Controller, dated July 12, 1956, entitled "Rate Development".

(f) Memorandum from Gaston to MacDonald, dated July 11, 1956, re: "Rate Development".

(g) Memorandum from Eicker, Controller, to MacDonald, dated June 29, 1956, and attached Exhibits.

(h) "Sales Discussion", memorandum by MacDonald, dated November 10, 1959, re: Rate Adjustment 1959.

(i) Memorandum to Smith from "First Vice President", dated December 22, 1959, entitled "Minimum Basic Annual Service Charges".

(j) Memorandum for File entitled "Projected Cash Resources and Their Application, Five Year Period Ending 12/31/63", unsigned and undated.

[fol. 3049] (k) Memorandum from "First Vice President", dated September 7, 1956, entitled "Rate Development—and Associated Need for Economy".

(l) Memorandum for File from MacDonald, dated November 17, 1956, re "Rate Development".

(m) Memorandum from "Vice President" to Gaston, dated November 24, 1954, entitled "Service Charges—Proposed Revisions".

25. Agreement between Mr. R. Houghton of 29 Glendale Avenue, Detroit, Michigan, and ADT, dated August 9, 1946. "Schedule Showing Computation of Purchase Price", Detroit, Michigan, October 1, 1946.
26. Purchase agreement between the Ohio Messenger and Telegraph Company and the American District Telegraph Company of Hamilton, Ohio, dated October 28, 1946.
27. Purchase agreement between The Ohio Messenger and Telegraph Company and the Ludlow Automatic Fire Alarm Company, dated October 28, 1946. Memorandum for J. A. MacDonald, Auditor: Purchase of Ludlow Companies—Cincinnati, Ohio, dated December 2, 1946; prepared by C. A. Ward, President.
28. Purchase agreement between the American District Telegraph Company and Harry Gerber, of Glendale, California, dated May 13, 1954.
29. Purchase agreement between the American District Telegraph Company and General Alarm Corporation, dated March 9, 1955.
30. Agreement between United Electric Service Company and the National District Telegraph Company, dated July 22, 1931.
31. Agreement between Auxiliary Fire Alarm & Telegraph Company and Philadelphia Local Telegraph Company, dated March 26, 1930.
32. Articles of Agreement of the Central Station Fire Protection Association, and membership list as of July 22, 1959.
33. ADT General Instructions No. 77, entitled "Discontinuance of Contracts". [ADT Answer to Interrogatory No. 7]

[fol. 3050]

Grinnell Corporation Documents

B00196	B00100–B00101	A00727–A00729
B00164	B00929	B00467–B00469
B00915–B00918	B00919–B00921	B00922
B001014–B001018	B00564–B00567	C.20–C.21
B00317–B00319	B00998	C.15–C.17
B00174–B00177	B00931–B00937	B00529
B00612–B00613	B00583–B00584	

Unnumbered documents:

1. Inter-Department Correspondence from Roger T. Clapp, Secretary, dated September 16, 1953, subject: "Commissions on ADT Business".
2. Letter from MacDonald to Clapp, dated July 2, 1953, and attached lists of central station and local burglar alarm companies operating in principal competition with the controlled companies of ADT.

[fol. 3051]

Holmes Electric Protective Company Documents

400638–400642	400773
400657–400670	400772
400651–400654	420341
420991–420992	400204–400208
400635–400637	420369

Unnumbered documents:

1. "Holmes Electric Protective Company of Philadelphia. Proposed 1957 Electric Protective Service Rate Revision", and attachments.
2. "Holmes Electric Protective Company of Philadelphia. Revision of Electric Protective Service Rates Proposed for Adoption for Mercantile and Residence Services, May 1, 1953 and for Financial Institution Service June 1, 1953."
3. Holmes Central Station Protection Service contract forms.

[fol. 3052]

Automatic Fire Alarm Company of Delaware Documents

501176–501178	501142–501143	500939
501305–501312	500839–500840	500986–500987
500921–500925	500857	500866–500869
500936–500938	500879	500822
500835–500836	500969–500972	500819
500847	501049–501050	500826–500827

Unnumbered documents:

1. AFA Central Station Protection Service contract forms.

[fol. 3053] Third Party Documents

1. National Board of Fire Underwriters Pamphlet No. 71.
2. National Board of Fire Underwriters Pamphlet No. 72.
3. Underwriters Laboratories, Inc. Pamphlet No. 611.
4. Underwriters Laboratories, Inc. Pamphlet No. 681.
5. National Bureau of Casualty Underwriters "Manual of Burglary Insurance".
6. Factory Mutual Association "Approved Equipment for Industrial Fire Protection"—1962-1963.
7. Deposition of Harold W. Gray, American Burglar Alarm Company, San Francisco, California; Plaintiff's Exhibit B.
8. Deposition of Henry G. Clark, Rhode Island Electric Protective Company, Providence, Rhode Island; Government Exhibits 2, 3, 4, 5, 10, 12, 13, and 14.
9. Deposition of Francois Guibert, Newark District Telegraph Company, Newark, New Jersey; Government Exhibit 2.
10. Deposition of James H. McDowell, Central Station Signals, Inc., New York, New York; Government Exhibit 5.
11. Deposition of Peter J. Neumann, Albany Protective Service, Albany, New York; Government Exhibit 2.
12. Deposition of Emerson M. Booher, Dayton Electronics Alarm & Signals, Inc., Dayton, Ohio; Government Exhibit 1.
13. Deposition of Donald D. Pillsbury, National Bureau of Casualty Underwriters, New York, New York; Government Exhibit 2.
14. Deposition of George W. Saunders, Underwriters Laboratories, Inc., Chicago, Illinois; Government Exhibit 2, and Defendants Exhibit A.
15. Deposition of Joe Forman, Call's Police Signal Corporation, Chelsea, Massachusetts; Government Exhibit 2.

[fol. 3054] Appendix B

1. Documents numbered B00915 through B00918; B00919 through B00921; B001014 through B001018; and B00583 through B00584 were prepared by Mr. Roger T. Clapp, Secretary and Counsel, Grinnell Corporation.

2. The document numbered B00564 through B00567 was prepared under the direction of an officer of one of the four defendant companies.
3. The document numbered B00931 through B00937 was prepared by B. J. DeWitt, Esquire.
4. The document numbered B00467 through B00469 was prepared by Mr. C. H. Rison, Treasurer, Grinnell Corporation.
5. The document numbered C.16 was prepared by Mr. C. K. Empringham, Sales Manager, Holmes Electric Protective Company.
6. The document numbered C.21 was prepared under the direction of [instead of request of] Mr. Henry C. Ward, President, Holmes Electric Protective Company. (old 8)
7. Documents numbered 500936 through 500938; 501142 through 501143; and 501176 through 501178 were prepared by Mr. Thomas P. Drew, President, Automatic Fire Alarm Company.
8. The document numbered 500986 through 500987 was prepared by Mr. J. J. Heavey, Sales Manager, Automatic Fire Alarm Company.
9. The document numbered 500819 bears a notation in the handwriting of Mr. Thomas P. Drew, President, Automatic Fire Alarm Company.
10. Document number 400773 was prepared by Mr. A. W. Allen, President, Holmes Electric Protective Company.
11. Documents numbered 420991 through 420992 are in the handwriting of Mr. Henry C. Ward, President, Holmes Electric Protective Company.

[fol. 3055] 12. Documents numbered 33155 through 33156 and 33163 were prepared by Mr. C. C. Johnson, President, American District Telegraph Company.

13. Documents numbered 13086; 100475 through 100476; 32514; 32501; and 100516 through 100518 were prepared by Mr. J. A. MacDonald, Vice President, American District Telegraph Company.
14. Documents designated in Plaintiff's document designation schedule as American District Telegraph Company Unnumbered Documents 24(i), 24(j), 24(k) and 24(m) were prepared by Mr. J. A. MacDonald, Vice President, American District Telegraph Company.

15. Documents numbered 32538 through 32552; 29577 through 29578; 42972; 101483 through 101484; and 101429 through 101430 were prepared by Mr. E. Gaston, President, American District Telegraph Company.
16. Documents numbered 15930 through 15931; 16147 through 16148; 11873 through 11875; 44166; 101065 through 101066; 100450 through 100454; and 101782 through 101783 were prepared by Mr. A. E. Smith, Vice President, American District Telegraphing Company.
17. Document numbered 02219 through 02221 and documents designated in Plaintiff's document designation schedule as American District Telegraph Company Unnumbered Documents 24(a), 24(b) and 24(c) were prepared by Mr. C. G. Eicker, Controller, American District Telegraph Company.
18. The document numbered 05817 was prepared by Mr. J. B. Rustic, General Superintendent, American District Telegraph Company.
19. Documents numbered 43437 through 43438 and 100562 were prepared by Mr. R. T. Warner, District Sales Manager, American District Telegraph Company.
20. Documents numbered 43647 through 43648; and 43646 were prepared by Mr. W. Rohlfing, American District Telegraph Company.

[fol. 3056] 21. The document numbered 43733 bears a notation in the handwriting of Mr. E. O. Betcher, Commercial Superintendent, American District Telegraph Company.

22. The document numbered 100857 was prepared by Mr. T. Young, Manager, Sales Administration, American District Telegraph Company.
23. The document numbered 100878 bears notations in the handwriting of Mr. E. O. Betcher, Commercial Superintendent, American District Telegraph Company.
24. The document numbered 44000 was prepared by Mr. L. W. DeSchane, District Sales Manager, American District Telegraph Company.
25. The document numbered 101599 through 101600 was prepared by an American District Telegraph Company Commercial Representative.

26. The document numbered 03912 bears a notation in the handwriting of Mr. R. Warner, District Sales Manager, American District Telegraph Company.
27. The document numbered 17305 bears a notation in the handwriting of Mr. Ray Brechbill, Assistant to the General Sales Manager, American District Telegraph Company.
28. The document numbered 02512 bears a notation in the handwriting of Mr. J. A. MacDonald, Vice President, American District Telegraph Company.
29. The document numbered 24614 bears a notation in the handwriting of Mr. A. E. Smith, Vice President, American District Telegraph Company.
30. The document numbered 03238 bears a notation in the handwriting of Mr. Frank Concannon, Executive Accounts Representative, American District Telegraph Company.

[fol. 3057] 31. Documents numbered 18058; 18699; 19030; 21764; 27338; 27844; 27791; 29279; 34842; 30903; and 40434 bear notations in the handwriting of Mr. T. Young, Manager, Sales Administration, American District Telegraph Company.

32. The document numbered 21970 bears a notation by Mr. Frank Concannon, Executive Accounts Representative, American District Telegraph Company.

[fol. 3057a] Filed Clerk's Office, U. S. District Court, District of Rhode Island, March 11, 1964, Neale D. Murphy, Clerk.

[fol. 3058] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 309

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

Stipulation No. 2

It is hereby stipulated and agreed by and between the Plaintiff, United States of America, and Defendants Grinnell Corporation, American District Telegraph Company, Holmes Electric Protective Company, and the Automatic Fire Alarm Company of Delaware, by their respective counsel, as follows:

(1) During 1961 eight non-defendant central station protection companies provided central station protection service to 270 subscribers located in states other than the state wherein the central station was located. This service, involving the continuous transmission of signals over wires which cross state boundaries, produced, during 1961, [fol. 3059] $109,791.50 in revenue. The subscribers so served were 1.37% of the total number of central station protection service subscribers served by such companies and the revenue derived therefrom was 1.38% of the total central station protection service revenue derived by such companies.

(2) As of December 31, 1960, the American District Telegraph Company provided central station protection service to 663 subscribers located in a state other than the state wherein the central station was located. This service, involving the continuous transmission of signals over wires which cross state boundaries, produced, during 1960, $567,-

806.65 in revenue. The subscribers so served by ADT were 0.96% of the total number of ADT central station protection service subscribers, and 0.71% of the total number of central station protection service subscribers served by defendants. The revenue derived therefrom was 0.97% of ADT's revenue. Except for the instances mentioned in paragraphs 1 and 2 of this stipulation, all such central station protection service is furnished within the state wherein the central station is located, and usually in an area within a 25-mile radius of the central station.

(3) During the year 1961, twenty-one non-defendant central station protection companies, located in thirteen states and the District of Columbia, expended $757,551.88 in the purchase of central station protection devices and equipment from manufacturers and suppliers located in [fol. 3060] various other states of the United States, including such major manufacturers as Central Station Signals, Inc., 53 West 23rd Street, New York, New York; Potter Electric Signal Company, 1211 Pine Street, St. Louis, Missouri Alarm Devices Manufacturing Company, New York, New York; and Walter Kidde, Inc., Clifton, New Jersey.

(4) During the year 1960, the American District Telegraph Company manufactured central station protection devices and equipment valued at $3,311,910.00. Such devices and equipment were manufactured in American District Telegraph Company plants located in Clifton, New Jersey and Jonesboro, Arkansas and were shipped to American District Telegraph Company facilities located in thirty-two states and the District of Columbia.

(5) During the fiscal year 1960, the American District Telegraph Company installed in subscribers' premises and in central stations located in thirty-two states and the District of Columbia, central station protection devices and equipment valued at $9,247,960.00 Such devices and equipment not manufactured by the American District Telegraph Company were purchased from manufacturers and suppliers located throughout the United States, and were shipped to American District Telegraph Company facilities located in thirty-two states and the District of Columbia.

(6) During the fiscal year 1960 the Holmes Electric Protective Company installed in subscribers' premises and in central stations located in two states, central station protection devices and equipment valued at $1,994,257.09.

[fol. 3061] Such devices and equipment were purchased from manufacturers and suppliers located in ten states, and were shipped to Holmes Electric Protective Company facilities located in two states.

(7) During the fiscal year 1960, the Automatic Fire Alarm Company of Delaware installed in subscribers' premises and in central stations located in three states, central station protection devices and equipment valued at $17[illegible],-450.96. Such devices and equipment were purchased from manufacturers and suppliers located in six states, and were shipped to Automatic Fire Alarm Company of Delaware facilities located in three states.

/s/ Noel E. Storey. /s/ Hugh P. Morrison, Jr., Attorneys, Department of Justice. Frank H. Fritz, Jr., Counsel for Defendants, American District Telegraph Company, Holmes Electric Protective Company, and the Automatic Fire Alarm Company of Delaware. Denis G. McInerney, Counsel for Defendant, Grinnell Corporation.

Dated: —.

[fol. 3061a] Filed: Clerk's Office, U.S. District Court, District of Rhode Island, March 11, 1964, Neale D. Murphy, Clerk.

[fol. 3062] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 310

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

Stipulation No. 3

It is hereby stipulated and agreed by and between counsel for Plaintiff, United States of America, and Defendants Grinnell Corporation, American District Telegraph Company, Holmes Electric Protective Company, and the Automatic Fire Alarm Company of Delaware, that the table set forth in this stipulation accurately states the total number of certificated central station burglar alarm systems, the number of such certificated central station burglar alarm systems installed and maintained by the defendants, and the number of such certificated central station burglar alarm systems installed and maintained by non-defendant central [fol. 3063] station protection companies; in the United States, at the end of each of the years stated.

Underwriters Laboratories, Inc., Certificated Central Station Burglar Alarm Systems, United States

	1961	1960	1959	1958	1957
Total Certificates	29,106	27,931	26,876	25,993	25,445
Defendants	25,379	24,653	23,993	23,318	22,978
Non-defendants	3,727	3,278	2,943	2,675	2,467
Percent of Total					
Defendants	87.20%	88.26%	89.05%	89.71%	90.30%
Non-defendants	12.80%	11.74%	10.95%	10.29%	9.70%

/s/ Noel E. Story, /s/ Hugh P. Morrison, Jr., Attorneys, Department of Justice. Frank A. Fritz, Jr., Counsel for Defendants, American District Tele-

graph Company; Holmes Electric Protective Company; and the Automatic Fire Alarm Company of Delaware. Denis G. McInerney, Counsel for Defendant, Grinnell Corporation.

Dated: —.

[fol. 3063a] Filed Clerk's Office, U. S. District Court, District of Rhode Island, March 11, 1964, Neale D. Murphy, Clerk.

[fol. 3064] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 311

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

Stipulation No. 4

It is hereby stipulated and agreed by and between counsel for Plaintiff, United States of America, and Defendants Grinnell Corporation, American District Telegraph Company, Holmes Electric Protective Company, and the Automatic Fire Alarm Company of Delaware, that the table set forth in paragraph 1 of this stipulation accurately states the total number of certificated local mercantile burglar alarm systems, the number of such certificated local mercantile burglar alarm systems installed and maintained by defendants, and the number of such certificated local mercantile burglar alarm systems installed and maintained non-[fol. 3065] defendant companies; in the United States, at the end of each of the years stated.

(1) Underwriters Laboratories, Inc., Certificated Local Mercantile Burglar Alarm Systems, United States

	1961	1960	1959	1958	1957
Total Certificates	10,752	10,692	10,350	9,720	9,397
Defendants	1,300	1,065	1,051	947	888
Non-defendants	9,452	9,627	9,299	8,773	8,509
Percent of Total					
Defendants	12.09%	9.96%	10.15%	9.74%	9.45%
Non-defendants	87.91%	90.04%	89.85%	90.26%	90.55%

(2) It is further stipulated and agreed by and between counsel for Plaintiff, United States of America, and Defendants Grinnell Corporation, American District Telegraph Company, Holmes Electric Protective Company, and the Automatic Fire Alarm Company of Delaware, that the table set forth in paragraph 3 of this stipulation accurately states the total number of certificated local bank safe and vault alarm systems; the number of such certificated local bank safe and vault alarm systems installed and maintained by defendants, and the number of such certificated local bank safe and vault alarm systems installed and maintained by non-defendant companies; in the United States, at the end of each of the years stated.

[fol. 3066]

(3) Underwriters Laboratories, Inc., Certificated Local Bank Safe and Vault Alarm Systems, Untied States

	1961	1960	1959	1958	1957
Total Certificates	5,336	5,296	5,251	5,222	4,736
Defendants	693	719	747	754	770
Non-defendants	4,643	4,577	4,504	4,468	3,966
Percent of Totai					
Defendants	12.99%	13.58%	14.23%	14.44%	16.26%
Non-defendants	87.01%	86.42%	85.77%	85.56%	83.74%

/s/ Noel E. Story, /s/ Hugh P. Morrison, Jr., Attorneys, Department of Justice. Frank A. Fritz, Jr., Counsel for Defendants, American District Telegraph Company; Holmes Electric Protective Company; and the Automatic Fire Alarm Company of Delaware. Denis G. McInerney, Counsel for Defendant, Grinnell Corporation.

Dated: —.

[fol. 3066a] Filed Clerk's Office, U. S. District Court, District of Rhode Island, March 11, 1964, Neale D. Murphy, Clerk.

[fol. 3067] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 312

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

Stipulation No. 5

It is hereby stipulated and agreed by and between counsel for Plaintiff, United States of America, and Defendants Grinnell Corporation, American District Telegraph Company, Holmes Electric Protective Company, and the Automatic Fire Alarm Company of Delaware, that the eleven-page chart entitled "Approved Central Station Protection Service Subscribers and Revenue" attached hereto as Appendix A of this stipulation, is true and correct in every [fol. 3068] respect and shall be admissible into evidence as proof of the facts stated therein. In stipulating to the accuracy of the figures contained in Appendix A annexed hereto, defendants do not in any way concede that the relevant market is limited to central station protective services.

/s/ Noel E. Story, /s/ Hugh P. Morrison, Jr., Attorneys, Department of Justice. Frank A. Fritz, Jr., Counsel for Defendants, American District Telegraph Company; Holmes Electric Protective Company; and the Automatic Fire Alarm Company of Delaware. Denis G. McInerney, Counsel for Defendant, Grinnell Corporation.

Dated: —.

[fol. 3068a] Filed Clerk's Office U. S. District Court District of Rhode Island, March 11, 1964, Neale D. Murphy, Clerk.

UNITED STATES

1957 - 1961

1922

APPENDIX A
TABLE I

"TOTAL SUBSCRIBERS, REVENUE, AND RELATIVE MARKET POSITION OF EACH DEFENDANT AND ALL NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANIES IN THE UNITED STATES, 1957-1961"
APPROVED CENTRAL STATION PROTECTION SERVICE

	1961		1960		1959		1958		1957	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
In Numbers and Dollars:										
Grand Totals	112,913	$65,478,970.26	107,289	$61,541,644.16	100,794	$57,073,675.35	96,612	$52,615,101.85	93,700	$48,392,756.52
American District Telegraph Co.	69,043	47,950,430.00	66,181	45,345,289.00	62,942	42,161,094.00	60,361	38,942,535.00	58,961	36,067,176.00
Automatic Fire Alarm Co.	2,264	1,346,925.10	2,220	1,283,392.81	2,159	1,204,366.08	2,129	1,164,733.11	2,139	1,131,478.45
Holmes Electric Protective Co.	21,965	8,216,182.00	21,756	8,051,179.00	20,353	7,785,635.00	20,883	7,547,517.00	20,897	7,019,567.00
Total Defendant Companies	93,272	57,521,527.10	90,157	54,699,860.81	85,454	51,151,095.08	83,373	47,654,785.11	81,977	44,198,219.45
Total Non-Defendant Companies	19,641	7,957,443.16	17,132	6,841,783.35	15,338	5,922,580.27	13,239	4,960,316.74	11,723	4,194,537.07
In Percentages:										
Grand Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
American District Telegraph Co.	61.15	73.24	61.68	73.71	62.45	73.87	62.48	74.01	62.91	74.49
Automatic Fire Alarm Co.	2.01	2.06	2.07	2.09	2.14	2.11	2.20	2.21	2.28	2.34
Holmes Electric Protective Co.	19.45	12.55	20.28	13.08	20.19	13.64	21.62	14.35	22.30	14.50
Total Defendant Companies	82.61	87.85	84.03	88.88	84.78	89.62	86.30	90.57	87.49	91.33
Total Non-Defendant Companies	17.39	12.15	15.97	11.12	15.22	10.38	13.70	9.43	12.51	8.67

"TOTAL SUBSCRIBERS, REVENUE, AND RELATIVE MARKET POSITION, FOR EACH CLASS OF SERVICE, OF EACH DEFENDANT AND ALL NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE ORGANIZATIONS IN THE UNITED STATES, 1951."

APPROVED CENTRAL STATION PROTECTION SERVICE

	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
In Dollars and Dollars:										
Grand Total	7,952	$5,320,111.38	70,571	$34,949,293.48	6,717	$ 4,956,432.64	27,673	$20,259,132.76	112,913	$65,478,970.26
American District Telegraph Co.	6,971	5,074,679.00	35,714	21,643,918.00	4,627	3,963,361.00	21,731	17,256,662.00	69,043	47,958,620.00
Automatic Fire Alarm Co.	209	45,476.05	1	368.25	1,204	639,571.53	850	661,509.29	2,264	1,346,925.10
Holmes Electric Protective Co.	333	25,333.00	21,632	8,190,649.00	-	-	-	-	21,965	8,216,182.00
Total Defendant Companies	7,513	5,145,488.05	57,347	29,874,935.25	5,831	4,582,932.53	22,581	17,918,171.29	93,272	57,521,527.10
Total Non-Defendant Companies	439	174,623.35	13,224	5,068,358.23	886	373,500.11	5,092	2,340,961.47	19,641	7,957,443.16
In Percentages:										
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
American District Telegraph Co.	87.66	95.38	50.61	62.05	68.89	79.96	78.53	85.18	61.15	73.24
Automatic Fire Alarm Co.	2.63	.86	*	*	17.92	12.90	3.07	3.27	2.01	2.06
Holmes Electric Protective Co.	4.19	.48	30.65	23.44	-	-	-	-	19.45	12.55
Total Defendant Companies	94.48	96.72	88.26	85.49	86.81	92.46	81.60	88.45	82.61	87.85
Total Non-Defendant Companies	5.52	3.28	18.74	14.51	13.19	7.54	18.40	11.55	17.39	12.15

* Less than five thousandths of one percent.

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APPENDIX A
TABLE II

"TOTAL SUBSCRIBERS, REVENUE, AND RELATIVE MARKET POSITION, FOR EACH CLASS OF SERVICE, OF EACH DEFENDANT AND ALL NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANIES IN THE UNITED STATES, 1960."
APPROVED CENTRAL STATION PROTECTION SERVICE

	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
In Numbers and Dollars:										
Grand Total	8,443	$5,383,318.09	66,519	$32,499,456.26	6,432	$4,585,050.93	25,895	$19,073,818.88	107,289	$61,541,644.16
American District Telegraph Co.	7,296	5,146,023.00	33,777	20,137,000.00	4,455	3,666,929.00	20,653	16,417,337.00	66,181	45,365,289.00
Automatic Fire Alarm Co.	206	44,641.13	1	334.80	1,201	601,381.73	814	637,035.15	2,220	1,283,392.81
Holmes Electric Protective Co.	532	28,479.00	21,224	8,022,700.00	-	-	-	-	21,756	8,051,179.00
Total Defendant Companies	8,032	5,219,143.13	55,002	28,160,034.80	5,656	4,266,310.73	21,467	17,054,372.15	90,157	54,699,860.81
Total Non-Defendant Companies	411	164,174.96	11,517	4,339,421.46	776	318,740.20	4,428	2,019,446.73	17,132	6,841,783.35
In Percentages:										
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
American District Telegraph Co.	86.41	95.59	50.78	61.96	69.26	79.93	79.76	86.07	61.68	73.71
Automatic Fire Alarm Co.	2.42	.83	*	*	18.67	13.12	3.14	3.34	2.07	2.09
Holmes Electric Protective Co.	6.30	.53	31.91	24.69	-	-	-	-	20.28	13.08
Total Defendant Companies	95.13	96.95	82.69	86.65	87.93	93.05	82.90	89.41	84.03	88.88
Total Non-Defendant Companies	4.87	3.05	17.31	13.35	12.07	6.95	17.10	10.59	15.97	11.12

* Less than five thousandths of one percent.

APPENDIX A
TABLE 15

"TOTAL SUBSCRIBERS, REVENUE, AND RELATIVE MARKET POSITION, FOR EACH CLASS OF SERVICE, OF EACH DEFENDANT AND ALL NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANIES IN THE UNITED STATES, 1939."
APPROVED CENTRAL STATION PROTECTION SERVICE

	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
In Numbers and Dollars:										
Grand Total	8,664	$5,392,622.96	62,941	$30,241,961.08	6,120	$4,227,145.09	24,069	$17,211,946.22	100,794	$57,073,675.35
American District Telegraph Co.	7,446	5,162,545.00	31,736	18,719,990.00	4,278	3,392,378.00	19,462	14,886,189.00	62,942	42,161,094.00
Automatic Fire Alarm Co.	206	44,124.35	1	334.80	1,176	577,103.43	776	383,803.50	2,159	1,204,366.08
Holmes Electric Protective Co.	584	27,748.00	20,771	7,737,887.00	-	-	-	-	20,355	7,765,635.00
Total Defendant Companies	8,256	5,234,417.35	52,508	26,478,211.80	5,454	3,969,473.43	20,238	15,468,992.50	85,456	51,131,095.08
Total Non-Defendant Companies	408	158,205.61	10,433	3,763,749.28	666	257,671.66	3,831	1,742,953.72	15,338	5,922,580.27
In Percentages:										
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
American District Telegraph Co.	86.17	95.73	50.42	61.90	69.90	80.25	80.86	86.49	62.45	73.87
Automatic Fire Alarm Co.	2.38	.82	*	*	19.22	13.65	3.22	2.38	2.14	2.11
Holmes Electric Protective Co.	6.74	.52	33.00	25.65	-	-	-	-	20.19	13.64
Total Defendant Companies	95.29	97.07	83.42	87.55	89.12	93.90	84.08	89.87	84.78	89.62
Total Non-Defendant Companies	4.71	2.93	16.58	12.45	10.88	6.10	15.92	10.13	15.22	10.38

* Less than five thousandths of one percent.

2274

[fol. 3074]

APPENDIX A
TABLE II

"TOTAL SUBSCRIBERS, REVENUE, AND RELATIVE MARKET POSITION, FOR EACH CLASS OF SERVICE, OF EACH DEFENDANT AND ALL NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANIES IN THE UNITED STATES, 1956"
APPROVED CENTRAL STATION PROTECTION SERVICE

22,272

	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
In Numbers and Dollars:										
Grand Total	8,836	$5,408,039.24	59,617	$28,181,963.38	5,721	$3,834,109.60	22,438	$15,190,989.63	96,612	$52,615,101.85
American District Telegraph Co.	7,707	5,186,736.00	30,312	17,506,464.00	4,047	3,096,924.00	18,295	13,154,617.00	60,361	38,962,535.00
Automatic Fire Alarm Co.	206	45,171.69	1	334.80	1,141	545,496.77	781	573,729.85	2,129	1,164,733.11
Holmes Electric Protective Co.	541	27,131.00	20,342	7,520,386.00	-	-	-	-	20,883	7,547,517.00
Total Defendant Companies	8,454	5,259,032.69	50,655	25,025,184.80	5,188	3,642,420.77	19,076	13,728,146.85	83,373	47,654,785.11
Total Non-Defendant Companies	382	149,006.55	8,962	3,156,778.58	533	191,688.83	3,362	1,462,842.78	13,239	4,960,316.74
In Percentages:										
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
American District Telegraph Co.	87.22	95.91	50.85	62.11	70.74	80.77	81.54	86.59	62.48	74.01
Automatic Fire Alarm Co.	2.33	.83	*	*	19.94	14.23	3.48	3.78	2.20	2.21
Holmes Electric Protective Co.	6.12	.50	34.12	26.69	-	-	-	-	21.62	14.35
Total Defendant Companies	95.67	97.26	84.97	88.80	90.68	95.00	85.02	90.37	86.30	90.57
Total Non-Defendant Companies	4.33	2.76	15.03	11.20	9.32	5.00	14.98	9.63	13.70	9.43

* Less than five thousandths of one percent.

EXHIBIT 17.

"TOTAL SUBSCRIBERS, REVENUE, AND RELATIVE MARKET POSITION, FOR EACH CLASS OF SERVICE, OF EACH DEFENDANT AND ALL NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANIES IN THE UNITED STATES, 1937."
APPROVED CENTRAL STATION PROTECTION SERVICE

	Night Watch and Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory and Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
In Numbers And Dollars:										
Grand Total	9,377	$5,349,318.01	57,793	$25,862,807.20	5,468	$3,445,183.05	21,062	$13,735,448.26	93,700	$48,392,756.52
American District Telegraph Co.	8,230	5,131,665.00	29,588	16,218,787.00	3,901	2,778,288.00	17,222	11,918,436.00	58,941	36,047,174.00
Automatic Fire Alarm Co.	215	45,343.64	1	334.80	1,132	522,874.58	791	562,925.43	2,139	1,131,478.45
Holmes Electric Protective Co.	559	29,736.00	20,338	6,989,831.00	-	-	-	-	20,887	7,019,567.00
Total Defendant Companies	9,004	5,206,742.64	49,927	23,208,952.80	5,033	3,301,162.58	18,013	12,481,361.43	81,977	44,198,219.45
Total Non-Defendant Companies	373	142,575.37	7,866	2,653,854.40	435	144,020.47	3,049	1,254,086.83	11,723	4,194,537.07
In Percentages:										
Grand Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
American District Telegraph Co.	87.77	95.93	51.20	62.71	71.34	80.64	81.77	86.77	62.91	74.49
Automatic Fire Alarm Co.	2.29	.85	*	*	20.70	15.18	3.75	4.10	2.28	2.34
Holmes Electric Protective Co.	5.96	.56	35.19	27.03	-	-	-	-	22.30	14.50
Total Defendant Companies	96.02	97.34	86.39	89.74	92.04	95.82	85.52	90.87	87.49	91.33
Total Non-Defendant Companies	3.98	2.66	13.61	10.26	7.96	4.18	14.48	9.13	12.51	8.67

* Less than five thousandths of one percent.

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APPENDIX A
TABLE III

"TOTAL SUBSCRIBERS AND REVENUE, FOR EACH CLASS OF SERVICE, FOR EACH DEFENDANT AND AND EACH NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANY IN THE UNITED STATES, 1961."
APPROVED CENTRAL STATION PROTECTION SERVICE

Company	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
Defendant Companies:										
American District Telegraph Co.	6,971	$5,074,479.00	35,716	$21,683,918.00	4,627	$3,943,361.00	21,731	$17,256,662.00	69,043	$47,958,420.00
Automatic Fire Alarm Co.	209	45,476.05	1	368.25	1,204	639,571.53	850	661,909.29	2,264	1,346,925.10
Holmes Electric Protective Co.	333	25,533.00	21,632	6,190,649.00	-	-	-	-	21,965	6,216,182.00
Total Defendant Companies	7,513	$5,145,488.05	57,347	$29,874,935.25	5,831	$4,582,932.53	22,581	$17,918,171.29	93,272	$57,521,527.10
Non-Defendant Companies:										
Alarm Signal Company of Texas	-	$ -	7	$ 1,506.00	11	$ 780.00	1	$ 360.00	19	$ 2,644.00
Albany Protective Service	1	390.00	182	35,393.11	16	2,686.30	37	11,321.76	236	49,791.37
American Alarm Co., Inc.	3	252.00	469	112,780.41	-	-	14	2,828.40	486	115,860.81
American Fire Dispatch, Inc.	-	-	182	42,214.00	-	-	6	2,100.00	188	44,314.00
Automatic Alarm Corporation	-	-	164	67,329.40	8	3,180.00	20	10,307.17	192	80,816.57
Call's Police Signal Corp.	2	560.00	266	100,631.57	12	4,835.00	102	29,359.00	382	135,385.57
Central Alarm (Phoenix)	-	-	178	76,678.44	9	3,230.41	61	48,555.19	248	128,464.04
Central Alarm (Tucson)	-	-	34	11,609.06	-	-	4	2,210.96	38	13,820.02
Central Alarm Company, Ltd.	23	12,230.13	176	138,100.65	18	12,286.69	21	13,911.86	238	176,527.33
Central Office Alarm Co., Inc.	1	110.00	128	30,865.00	4	540.00	6	1,064.00	139	32,579.00
Central Station Alarms, Inc.	1	360.00	42	15,240.00	-	-	6	7,200.00	49	22,860.00
Central Station Signals, Inc.	9	9,789.27	846	174,060.00	69	27,446.41	2,037	859,108.33	2,961	1,070,424.00
Central Watch Service Co.	93	27,130.56	1,150	679,562.28	83	54,344.72	416	285,802.80	1,742	1,047,102.36
Dayton Electronics Alarm & Signal, Inc.	5	3,366.36	246	92,259.25	-	-	62	24,137.50	313	119,763.33
Denver Fire Reporter & Protective Co.	-	-	560	266,932.26	3	2,724.00	67	30,212.40	630	297,868.66
Electro-Protective Corporation	3	880.00	536	168,847.00	12	2,361.00	117	39,346.00	670	211,434.00
Federal Engineering Co., Inc.	3	900.00	338	113,100.00	49	9,900.00	76	39,400.00	466	163,300.00
Fidelity Electronic Protective Services	-	-	22	10,884.00	1	(Not Given)	-	-	23	10,884.00
Granite State Alarm, Inc.	-	-	24	8,862.00	4	1,881.00	83	44,777.00	111	54,720.00
Holmes Home Alarm Company	2	729.00	254	95,053.50	15	6,311.00	33	14,361.00	304	116,434.50
Hutchens Deadbeat Detective Agency	3	1,721.76	345	230,392.41	9	2,935.98	61	25,483.52	418	261,503.67
Merchants Police Signal & Alarm Co.	67	35,839.18	346	120,860.00	36	21,458.16	186	77,649.36	635	256,886.88
Michigan Still Alarm Co.	29	4,274.50	374	176,465.20	59	33,172.00	80	30,044.00	542	243,955.70
Morse Signal Devices, Inc. (Cleveland)	6	569.25	532	29,454.25	64	2,680.75	133	6,842.00	737	39,546.25
Morse Signal Devices (Los Angeles)	-	-	610	229,361.65	51	23,586.00	70	55,983.00	731	310,932.65
National Protective Corporation	-	-	169	40,918.66	-	-	-	-	169	40,918.66
Newark District Telegraph Company	8	3,198.00	892	423,764.00	20	5,918.00	49	20,504.00	969	453,384.00
Orl Protective Co., Inc.	1	690.00	940	301,060.00	2	310.00	9	5,320.00	952	307,380.00
Pontific Fire Extinguisher Company	-	-	339	110,204.32	1	308.00	35	14,101.83	375	124,606.37
Potter Electric Signal Co. (Minn.)	16	4,296.00	327	78,674.90	3	816.00	37	19,822.96	468	103,609.86
Potter Electric Signal Co. (St. Louis)	48	21,082.63	788	316,580.73	30	19,801.86	660	230,376.12	1,481	588,360.50
Protection Alarms, Inc.	6	3,762.84	84	10,965.37	7	3,046.00	7	12,376.36	44	30,790.57
Protection Engineering Co.	4	3,117.60	131	35,341.59	20	23,216.40	101	34,243.79	290	137,719.43
Reliance Protective, Inc.	3	4,467.00	266	99,343.00	13	3,000.00	13	6,340.00	333	113,610.00
Rhode Island Electric Protective Co.	45	19,318.40	344	208,063.24	140	76,091.23	60	30,778.64	629	333,349.51
Robinson Protective Alarm Co.	2	600.00	146	73,439.26	17	6,726.56	157	117,668.23	322	198,434.05
Central Alarm Corporation	9	2,256.00	68	97,732.00	10	7,204.70	32	69,243.27	127	176,435.97
Welch Protective Agency & U.S. Service, Inc.	68	11,328.00	800	239,888.84	21	8,282.00	256	47,626.84	1,145	307,125.68
								$ 2,340,961.47	19,041	$ 7,987,443.10

APPENDIX A
TABLE III

"TOTAL SUBSCRIBERS AND REVENUE, FOR EACH CLASS OF SERVICE, FOR EACH DEFENDANT AND EACH NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANY IN THE UNITED STATES, 1961."
APPROVED CENTRAL STATION PROTECTION SERVICE

"TOTAL SUBSCRIBERS AND REVENUE, FOR EACH CLASS OF SERVICE, FOR EACH DEPARTMENT AND EACH NON-DEPARTMENT CENTRAL STATION PROTECTIVE SERVICE COMPANY IN THE UNITED STATES, 1940."

APPROVED CENTRAL "STATION PROTECTIVE SERVICE

Companies	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
Defendant Companies:										
American District Telegraph Co.	7,296	$5,146,823.00	33,777	$20,137,000.00	4,435	$3,644,929.00	20,653	$16,417,337.00	66,181	$45,345,289.00
Automatic Fire Alarm Co.	206	44,641.13	1	334.80	1,201	601,381.73	816	637,085.13	2,220	1,285,392.81
Holmes Electric Protective Co.	530	28,479.00	21,224	8,002,700.00	-	-	-	-	21,754	8,031,179.00
Total Defendant Companies	8,032	$5,219,143.13	55,002	$28,140,034.80	5,636	$4,246,310.73	21,467	$17,054,372.13	90,157	$54,699,860.81
Non-Defendant Companies:										
Alarm Signal Company of Texas	-	-	5	1,080.00	1	150.00	1	360.00	7	1,510.00
Albany Protective Service	1	390.00	171	31,087.16	13	1,560.50	36	10,207.76	221	43,253.42
American Alarm Co., Inc.	3	252.00	425	102,205.02	-	-	8	1,122.00	436	103,579.02
American Fire Dispatch, Inc.	-	-	149	45,558.00	-	-	6	1,848.00	155	47,406.00
Automatic Alarm Corporation	-	-	112	48,196.84	7	2,644.00	15	6,975.31	134	57,816.15
Call's Police Signal Corp.	1	310.00	198	71,715.88	12	4,900.00	80	20,677.00	291	97,102.88
Central Alarm (Phoenix)	-	-	193	86,702.44	7	2,142.17	36	42,291.19	233	109,135.80
Central Alarm (Tucson)	-	-	28	9,340.34	-	-	3	1,117.61	31	10,057.80
Central Alarm Company, Ltd.	20	11,331.30	157	99,280.32	16	9,706.74	20	13,698.43	213	134,016.79
Central Office Alarm Co., Inc.	-	-	39	4,715.00	-	-	-	-	39	4,715.00
Central Station Alarms, Inc.	-	-	-	-	-	-	-	-	-	-
Central Station Signals, Inc.	8	9,594.00	526	143,534.00	66	24,782.00	1,860	885,060.00	2,460	982,460.00
Central Watch Service Co.	96	25,465.80	1,077	624,236.92	82	46,653.32	398	284,629.08	1,653	984,996.72
Dayton Electronic Alarm & Signal, Inc.	3	3,438.82	250	72,346.57	-	-	22	15,720.40	275	91,345.79
Denver Fire Reporter & Protective Co.	-	-	586	272,088.77	3	2,784.00	51	26,874.15	640	301,686.92
Electro-Protective Corporation	-	-	340	98,766.00	9	1,840.00	31	17,213.00	480	117,825.00
Federal Engineering Co., Inc.	4	1,100.00	312	100,700.00	44	8,700.00	56	26,688.00	416	137,188.00
Fidelity Electronic Protective Services	-	-	-	-	-	-	-	-	-	-
Granite State Alarm, Inc.	-	-	17	6,673.00	2	826.00	33	30,912.00	72	38,211.00
Holcie Home Alarm Company	1	324.00	229	83,831.88	12	5,181.00	28	10,011.00	270	99,347.88
McCune Goodrich Detective Agency	3	1,721.76	511	206,221.40	9	2,641.68	59	24,970.50	582	235,555.34
Merchants Police Signal & Alarm Co.	70	35,116.32	238	111,320.44	37	23,255.84	90	60,314.27	445	228,206.87
Michigan Still Alarm Co.	18	3,276.00	344	160,706.60	51	29,861.00	73	43,121.00	485	237,084.60
Morse Signal Devices, Inc. (Cleveland)	8	409.25	620	30,941.00	33	2,308.25	117	6,145.00	880	39,893.50
Morse Signal Devices (Los Angeles)	-	-	436	159,893.55	43	22,173.00	67	33,999.00	546	216,060.55
National Protective Corporation	-	-	-	-	-	-	-	-	-	-
Newark District Telegraph Company	8	2,944.00	673	409,298.00	16	4,713.00	31	9,658.00	930	426,647.00
Orl Protective Co., Inc.	1	690.00	905	289,130.00	1	310.00	5	2,160.00	913	292,280.00
Pacific Fire Extinguisher Company	-	-	332	110,229.75	1	350.00	32	13,067.00	365	123,576.75
Potter Electric Signal Co. (Cinn.)	14	4,080.00	319	77,468.01	1	553.00	46	15,425.32	380	97,435.33
Potter Electric Signal Co. (St. Louis)	44	22,387.81	602	264,223.74	33	14,231.84	608	239,427.57	1,276	540,270.16
Protection Alarms, Inc.	5	3,494.04	18	5,833.87	1	1,018.16	5	11,957.00	30	26,323.87
Protection Engineering Co.	4	3,117.60	121	48,720.72	30	20,701.33	81	39,344.91	258	111,884.76
Reliance Protective, Inc.	4	4,814.30	186	89,900.00	12	2,660.00	11	5,040.00	111	102,414.30
Rhode Island Electric Protective Co.	45	19,719.76	323	190,860.23	130	63,790.41	69	37,469.34	583	313,839.74
Robinson Protective Alarm Co.	2	600.00	127	57,419.66	11	5,135.36	111	83,027.01	251	146,182.23
Sentinel Alarm Corporation	-	-	20	15,448.32	-	-	17	12,968.08	37	28,416.40
Smith Detective Agency & M.W. Service, Inc.	48	11,518.00	797	339,174.45	22	9,241.80	218	83,823.00	1,084	311,818.45
Total Non-Defendant Companies	411	$ 166,176.96	11,517	$6,339,421.46	776	$ 318,740.20	4,488	$2,819,644.75	17,198	$6,861,783.35

APPENDIX A
TABLE XIII

"TOTAL SUBSCRIBERS AND REVENUE, FOR EACH CLASS OF SERVICE, FOR EACH DEFENDANT AND EACH NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANY IN THE UNITED STATES, 1939."
APPROVED CENTRAL STATION PROTECTION SERVICE

Companies	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
Defendant Companies:										
American District Telegraph Co.	7,460	$5,162,543.00	31,736	$18,719,990.00	4,278	$3,391,370.00	19,462	$14,886,180.00	62,942	$42,161,084.00
Automatic Fire Alarm Co.	206	44,134.35	1	334.00	1,176	577,188.43	776	582,823.50	2,159	1,204,344.08
Holmes Electric Protective Co.	584	27,798.00	20,771	7,757,687.00	-	-	-	-	20,333	7,785,485.00
Total Defendant Companies	8,256	$5,234,417.35	52,508	$26,478,211.00	5,454	$3,968,473.43	20,238	$15,468,992.50	85,434	$51,151,085.08
Non-Defendant Companies:										
Alarm Signal Company of Texas	-	-	3	580.00	1	130.00	1	360.00	5	1,090.00
Albany Protective Service	1	580.00	161	27,647.56	6	900.03	34	8,786.76	202	37,747.35
American Alarm Co., Inc.	3	232.00	534	89,769.76	-	-	6	687.00	543	90,688.74
American Fire Dispatch, Inc.	-	-	121	36,100.00	-	-	1	708.00	123	36,808.00
Automatic Alarm Corporation	-	-	71	28,616.89	6	2,154.00	8	3,957.31	85	34,728.20
Bell's Police Signal Corp.	1	310.00	148	46,356.25	7	1,245.00	56	14,294.00	212	62,205.25
Central Alarm (Phoenix)	-	-	134	43,719.72	3	907.40	49	9,948.00	186	54,575.92
Central Alarm (Tucson)	-	-	36	8,313.70	-	-	2	1,059.61	38	9,373.31
Central Alarm Company, Ltd.	20	9,861.02	137	74,270.19	16	9,464.80	20	11,799.90	193	105,395.91
Central Office Alarm Co., Inc.	-	-	-	-	-	-	-	-	-	-
Central Station Alarms, Inc.	-	-	-	-	-	-	-	-	-	-
Central Station Signals, Inc.	7	9,060.00	348	101,549.00	63	19,791.00	1,616	733,549.00	2,054	863,949.00
Central Watch Service Co.	100	25,747.92	1,053	391,536.88	50	38,515.60	372	242,255.44	1,544	807,054.84
Dayton Electronic Alarm & Signal, Inc.	2	2,606.16	205	61,264.87	-	-	17	10,499.89	222	74,370.92
Denver Fire Reporter & Protective Co.	-	-	600	211,432.86	3	996.00	56	23,943.40	659	236,372.26
Electro-Protective Corporation	-	-	265	73,156.00	2	468.00	34	9,961.00	301	83,585.00
Federal Engineering Co., Inc.	4	1,100.00	234	84,700.00	39	7,600.00	48	11,500.00	325	104,900.00
Fidelity Electronic Protective Services	-	-	-	-	-	-	-	-	-	-
Granite State Alarm, Inc.	-	-	8	3,508.00	2	686.00	42	10,207.00	52	14,341.00
Hahn Home Alarm Company	1	61.00	268	72,527.49	10	4,712.00	21	6,170.00	340	83,490.49
McCann Deutsch Detective Agency	3	1,721.76	449	183,705.27	7	2,489.68	85	37,411.36	545	210,725.96
Merchants Police Signal & Alarm Co.	65	31,844.13	280	96,361.32	36	21,421.68	84	33,982.00	465	183,609.13
Michigan Still Alarm Co.	18	3,888.00	306	140,727.00	44	24,295.00	38	5,288.75	406	174,198.75
Morse Signal Devices, Inc. (Cleveland)	8	480.00	706	27,143.25	52	2,886.00	182	3,888.75	948	34,398.00
Morse Signal Devices (Los Angeles)	-	-	347	126,008.75	30	13,256.25	36	28,312.75	413	167,577.75
National Protective Corporation	-	-	-	-	-	-	-	-	-	-
Nemark District Telegraph Company	8	2,481.00	836	395,813.00	8	2,681.00	17	3,811.00	869	404,786.00
Nel Protective Co., Inc.	1	660.00	896	267,180.00	2	318.00	3	1,100.00	902	269,258.00
Pacific Fire Extinguisher Company	-	-	340	97,169.80	1	280.00	28	10,736.00	369	108,205.80
Potter Electric Signal Co. (Chas.)	11	3,776.53	268	69,172.36	2	552.00	34	9,572.66	315	83,073.49
Potter Electric Signal Co. (St. Louis)	45	23,935.71	635	259,726.33	20	11,968.04	688	236,790.93	1,388	532,412.01
Protection Alarm, Inc.	3	2,264.41	11	4,769.80	7	4,763.79	4	7,717.80	27	19,515.80
Protection Engineering Co.	3	3,430.16	94	24,780.30	24	14,044.02	70	34,131.11	205	80,385.59
Robinson Protective, Inc.	5	3,333.50	176	74,325.30	11	2,228.80	10	4,266.80	199	84,154.80
Rhode Island Electric Protective Co.	4	19,611.00	318	186,472.98	102	26,717.37	61	26,289.82	799	259,291.28
Robinson Protective Alarm Co.	49	-	70	34,889.40	6	2,126.00	20	59,889.63	149	97,614.03
Central Alarm Corporation	2	600.00	-	-	-	-	-	-	-	-
Welch Automotive Agency O. H. W. Service, Inc.	63	10,771.28	892	292,549.33	32	2,326.00	182	36,886.59	961	180,588.20
Total Non-Defendant Companies	466	$ 150,209.61	10,433	$3,703,709.89	666	$ 237,671.04	3,801	$1,742,958.78	15,330	$5,867,968.67

APPENDIX A.
TABLE XIII.
"TOTAL SUBSCRIBERS AND REVENUE, FOR EACH CLASS OF SERVICE, FOR EACH DEFENDANT AND

"TOTAL SUBSCRIBERS AND REVENUE, FOR EACH CLASS OF SERVICE, FOR EACH DEFENDANT AND EACH NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANY, IN THE UNITED STATES, 1956."
APPROVED CENTRAL STATION PROTECTIVE SERVICE

Company	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
Defendant Companies:										
American District Telegraph Co.	7,707	$3,186,730.00	30,312	$17,504,464.00	4,047	$3,096,924.00	18,295	$13,154,417.00	60,361	$36,942,535.00
Automatic Fire Alarm Co.	206	45,171.69	1	334.80	1,141	545,496.77	781	573,729.65	2,129	1,164,733.11
Telaco Electric Protective Co.	541	27,131.00	20,342	7,320,386.00	-	-	-	-	20,883	7,347,517.00
Total Defendant Companies	8,454	$5,259,082.69	50,655	$25,025,184.80	5,188	$3,642,420.77	19,076	$13,728,145.65	83,373	$47,454,785.11
Non-Defendant Companies:										
Alarm Signal Company of Texas	-	-	2	376.80	1	150.00	1	360.00	4	886.80
Albany Protective Service	1	390.00	147	25,305.71	4	692.04	24	6,372.76	176	32,956.31
American Alarm Co., Inc.	3	227.50	336	80,718.72	-	-	2	234.00	341	81,180.22
American Fire Dispatch, Inc.	-	-	50	17,796.00	-	-	1	300.00	51	18,096.00
Automatic Alarm Corporation	-	-	46	16,079.76	1	120.00	4	1,189.56	51	17,389.32
Call's Police Signal Corp.	-	-	97	24,497.89	6	1,960.00	26	6,606.00	129	33,063.89
Central Alarm (Phoenix)	-	-	68	30,901.88	-	-	19	7,725.40	87	38,627.28
Central Alarm (Tucson)	-	-	-	-	-	-	-	-	-	-
Central Alarm Company, Ltd.	21	9,997.60	116	57,415.12	15	8,224.80	18	10,810.80	168	86,448.32
Central Office Alarm Co., Inc.	-	-	-	-	-	-	-	-	-	-
Central Station Alarm, Inc.	-	-	-	-	-	-	-	-	-	-
Central Station Signals, Inc.	5	8,927.00	236	75,750.00	61	13,300.00	1,544	689,390.00	1,846	791,367.00
Central Watch Service Co.	95	23,615.00	948	529,990.44	50	30,705.36	337	212,379.36	1,430	796,490.16
Dayton Electronic Alarm & Signal, Inc.	2	1,451.65	168	41,974.55	-	-	10	7,388.32	180	50,814.52
Denver Fire Reporter & Protective Co.	-	-	473	182,299.49	3	996.00	50	19,483.30	526	202,778.79
Electro-Protective Corporation	-	-	159	50,132.00	-	-	2	809.96	161	50,941.96
Federal Engineering Co., Inc.	3	1,400.00	231	76,400.00	36	6,300.00	40	17,908.00	308	102,008.00
Fidelity Electronic Protective Service	-	-	-	-	-	-	-	-	-	-
Granite State Alarm, Inc.	-	-	6	1,592.00	1	410.00	25	10,917.00	32	12,919.00
McCrie Home Alarm Company	-	-	178	61,185.10	10	4,457.00	17	6,585.75	205	72,227.85
McCune Pandech Detective Agency	3	1,445.80	417	144,056.90	6	2,242.08	53	21,503.83	479	169,068.61
Merchants Police Signal & Alarm Co.	60	28,338.52	168	83,166.74	35	20,204.88	68	44,653.49	331	176,343.63
Michigan Still Alarm Co.	11	3,648.00	254	116,004.50	31	20,675.50	47	25,107.50	343	165,435.00
Morse Signal Devices, Inc. (Cleveland)	8	480.00	783	26,425.00	36	2,090.23	88	4,719.00	915	33,684.23
Morse Signal Devices (Los Angeles)	-	-	-	-	-	-	-	-	-	-
National Protective Corporation	-	-	-	-	-	-	-	-	-	-
Nevark District Telegraph Company	8	2,163.00	817	368,923.00	1	111.00	6	568.00	832	371,765.00
Orl Protective Co., Inc.	1	660.00	829	258,620.00	-	-	1	72.00	831	259,352.00
Pacific Fire Extinguisher Company	-	-	365	89,300.00	1	300.00	26	8,727.33	392	98,327.33
Potter Electric Signal Co. (Clen.)	8	3,829.00	278	64,526.69	1	264.00	19	5,806.38	306	74,426.07
Potter Electric Signal Co. (St. Louis)	48	24,821.12	574	252,322.31	15	10,005.04	619	216,096.33	1,256	483,308.80
Protection Alarms, Inc.	1	965.00	8	1,316.37	6	1,700.60	3	528.52	18	4,490.49
Protection Engineering Co.	5	2,727.20	71	26,275.54	26	10,673.30	54	22,835.21	156	62,511.25
Reliance Protective, Inc.	6	4,977.00	158	70,401.80	10	2,160.00	8	3,390.00	182	80,828.80
Rhode Island Electric Protective Co.	47	18,583.98	312	173,996.40	139	49,420.00	58	32,765.87	556	276,766.25
Robinson Protective Alarm Co.	-	-	17	8,753.80	-	-	20	10,110.35	37	18,864.15
Sentinel Alarm Corporation	-	-	-	-	-	-	-	-	-	-
Smith Detective Agency & M. V. Service, Inc.	44	10,559.18	660	198,076.07	20	4,357.48	172	31,074.75	896	284,067.48
Total Non-Defendant Companies	382	$ 140,006.55	8,962	$3,156,778.58	533	$ 191,688.83	3,862	$1,448,842.78	13,239	$4,960,316.74

APPENDIX A
TABLE III

"TOTAL SUBSCRIBERS AND REVENUE, FOR EACH CLASS OF SERVICE, FOR EACH DEFENDANT AND EACH NON-DEFENDANT CENTRAL STATION PROTECTION SERVICE COMPANY IN THE UNITED STATES, 1957."
APPROVED CENTRAL STATION PROTECTION SERVICE

Companies	Night Watch And Fire Alarm		Burglar Alarm		Automatic Fire Alarm		Sprinkler Supervisory And Waterflow Alarm		Totals	
	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue	Subscribers	Revenue
Defendant Companies:										
American District Telegraph Co.	8,230	$5,131,663.00	29,588	$16,218,787.00	3,901	$2,778,288.00	17,222	$11,918,436.00	58,941	$36,047,174.00
Automatic Fire Alarm Co.	215	45,343.64	1	334.80	1,132	522,674.58	791	562,925.43	2,139	1,131,678.45
Holmes Electric Protective Co.	559	29,736.00	20,338	6,989,831.00	-	-	-	-	20,897	7,019,567.00
Total Defendant Companies	9,004	$5,206,742.64	49,927	$23,208,952.80	5,033	$3,301,162.58	18,013	$12,481,361.43	81,977	$44,198,219.45
Non-Defendant Companies:										
Alarm Signal Company of Texas	-	-	-	-	1	150.00	1	360.00	2	510.00
Albany Protective Service	1	227.50	133	22,805.01	3	497.00	21	4,876.30	158	28,405.81
American Alarm Co., Inc.	2	112.00	297	71,409.06	-	-	-	-	299	71,521.06
American Fire Dispatch, Inc.	-	-	46	13,398.00	-	-	2	516.00	48	13,914.00
Automatic Alarm Corporation	-	-	29	10,098.44	-	-	-	-	29	10,098.44
Call's Police Signal Corp.	-	-	45	11,590.00	2	655.00	11	2,870.00	58	15,115.00
Central Alarm (Phoenix)	-	-	59	22,500.20	-	-	11	3,971.80	70	26,472.00
Central Alarm (Tucson)	-	-	-	-	-	-	-	-	-	-
Central Alarm Company, Ltd.	19	9,577.43	96	41,593.67	9	7,546.60	18	9,172.25	142	67,850.15
Central Office Alarm Co., Inc.	-	-	-	-	-	-	-	-	-	-
Central Station Alarms, Inc.	-	-	-	-	-	-	-	-	-	-
Central Station Signals, Inc.	4	8,187.00	216	57,311.00	55	8,669.00	1,467	644,751.00	1,742	718,918.00
Central Watch Service Co.	96	24,381.00	848	442,998.88	49	29,576.96	290	180,688.92	1,281	697,643.76
Dayton Electronic Alarm & Signal, Inc.	-	-	-	-	-	-	-	-	-	-
Denver Fire Reporter & Protective Co.	-	-	401	181,960.11	3	996.00	39	4,694.40	443	187,650.51
Electro-Protective Corporation	-	-	-	-	-	-	-	-	-	-
Federal Engineering Co., Inc.	5	1,400.00	207	74,700.00	28	5,100.00	37	17,300.00	277	98,500.00
Fidelity Electronic Protective Services	-	-	-	-	-	-	-	-	-	-
Granite State Alarm, Inc.	-	-	2	596.00	-	-	13	5,316.00	15	5,912.00
Hedele Enno Alarm Company	-	-	136	46,198.22	10	4,736.00	15	4,987.17	164	55,921.39
McCone Hendock Detective Agency	2	697.92	393	149,621.83	6	1,827.90	50	18,825.57	451	170,973.22
Merchants Police Signal & Alarm Co.	53	16,051.30	149	71,085.22	31	17,536.08	57	37,280.49	290	151,953.09
Michigan Still Alarm Co.	-	-	-	-	-	-	-	-	-	-
Morse Signal Devices, Inc. (Cleveland)	6	390.75	849	25,100.00	45	1,565.50	79	4,231.00	979	31,287.25
Morse Signal Devices (Los Angeles)	-	-	-	-	-	-	-	-	-	-
National Protective Corporation	-	-	-	-	-	-	-	-	-	-
Newark District Telegraph Company	8	2,100.00	793	362,083.00	-	-	-	-	801	364,183.00
Orl Protective Co., Inc.	1	660.00	814	240,684.00	-	-	-	-	815	241,344.00
Pacific Fire Extinguisher Company	-	-	344	86,098.00	1	67.58	77	6,275.93	345	92,441.51
Potter Electric Signal Co. (Cinn.)	14	2,849.50	291	44,887.94	1	170.00	23	3,496.00	329	51,407.44
Potter Electric Signal Co. (St. Louis)	58	28,473.17	546	216,211.45	12	7,956.08	638	209,192.92	1,254	461,833.62
Protection Alarms, Inc.	1	965.00	1	192.00	1	775.20	2	345.08	5	2,257.28
Protection Engineering Co.	4	1,731.60	52	18,121.29	21	7,744.10	39	14,720.30	116	42,317.29
Reliance Protective, Inc.	8	5,802.00	142	64,321.50	9	2,160.00	7	2,700.00	166	74,983.50
Rhode Island Electric Protective Co.	47	14,044.45	316	167,083.75	126	41,372.27	56	31,416.70	545	253,919.15
Reliance Protective Alarm Co.	-	-	-	-	-	-	-	-	-	-
Standard Alarm Corporation	-	-	-	-	-	-	-	-	-	-
Welch Detective Agency & H. W. Service, Inc.	46	10,962.72	638	121,261.82	22	4,213.00	132	46,002.00	838	182,439.54
Total Non-Defendant Companies	373	$ 166,973.37	7,044	$2,453,934.00	433	$ 144,089.47	2,969	$1,234,040.02	11,723	$4,199,037.07

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[fol. 3082] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 313

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

DESIGNATION OF ANSWERS OF THE AMERICAN DISTRICT TELEGRAPH COMPANY TO INTERROGATORIES PROPOUNDED BY PLAINTIFF—filed January 29, 1964

Pursuant to the Order of the Court dated December 18, 1963, submitted herewith are answers of the American District Telegraph Company to Interrogatories propounded by the Plaintiff, upon which the Government will rely in its Case-in-Chief.

Interrogatories Propounded By Plaintiff on July 11, 1961

Interrogatory No. 1

State the full name of ADT and each of its American and foreign subsidiaries, the dates and states or places of incorporation, and the locations of their principal places of business.

Answer to Interrogatory No. 1

Name of Company	Date	Incorporation State or Place	Principal Place of Business
American District Telegraph Company	11- 1-01	New Jersey	Jersey City, N.J.
The American District Telegraph Co.	4- 9-01	Alabama	Montgomery, Ala.
*A.D.T. Company	9-23-58	Alaska	Juneau, Alaska
*Alaska District Telegraph Company	9-23-58	Alaska	Juneau, Alaska
*American District Telegraph Company	9-23-58	Alaska	Juneau, Alaska
American District Telegraph Company	10-22-59	Arizona	Phoenix, Arizona
American District Telegraph Company of Arkansas	10-24-00	Arkansas	Little Rock, Ark.
American District Telegraph Company	9-10-87	California	Los Angeles, Calif.
American District Telegraph Company of San Francisco	10- 3-99	California	San Francisco, Calif.
The American District Telegraph Co.	6-13-83	Colorado	Denver, Colorado
[fol. 3083]			
American District Telegraph Company	4- 5-87	Connecticut	Bridgeport, Conn.
American District Telegraph Company	8-10-03	Delaware	Wilmington, Del.
American District Telegraph Company	12-19-98	Florida	Jacksonville, Fla.
American District Telegraph Company	5-26-09	Georgia	Atlanta, Georgia
American District Telegraph Company	3- 3-99	Illinois	Chicago, Illinois
*Chicago Electric Protective Company	6-27-46	Illinois	Chicago, Illinois
*The Illinois District Telegraph Co.	4-23-06	Illinois	Chicago, Illinois
A.D.T. Realty Company	8-19-58	Illinois	Chicago, Illinois
American District Telegraph Co., Inc.	2- 7-98	Indiana	Indianapolis, Ind.
American District Telegraph Company of Iowa	3- 1-99	Iowa	Des Moines, Iowa
American District Telegraph Company	12-17-85	Kansas	Wichita, Kansas
A.D.T. Company	11-16-99	Kentucky	Louisville, Ky.
American District Telegraph Company	2- 7-12	Louisiana	New Orleans, La.
American District Telegraph Company	8-26-02	Maine	Portland, Maine
*Holmes Electric Protective Company of Boston	3- 1-89	Maine	Portland, Maine
The American District Telegraph Company of Baltimore City	8-18-74	Maryland	Baltimore, Md.
American District Telegraph Co.	1- 2-83	Massachusetts	Boston, Mass.
Bankers' Electric Protective Assoc.	6-11-07	Massachusetts	Boston, Mass.
*Boston Electric Protective Assoc.	4- 5-81	Massachusetts	Boston, Mass.
American District Telegraph Company	6-23-03	Michigan	Detroit, Michigan

Name of Company	Date	Incorporation State of Place	Principal Place of Business
American District Telegraph Company	8-25-03	Michigan	Detroit, Michigan
*The American Still Alarm	8-16-06	Michigan	Detroit, Michigan
Reliance Alarm Company	11- 4-46	Michigan	Detroit, Michigan
American District Telegraph Comapny	3-14-84	Minnesota	Minneapolis, Minn.
The American District Telegraph Company of Minnesota	6- 7-90	Minnesota	Minneapolis, Minn.
American District Telegraph Company	3- 5-01	Missouri	St. Louis, Mo.
*American District Telegraph Company of Montana	4-25-00	Montana	Billings, Montana

[fol. 3084]

The American District Telegraph Company	5- 1-87	Nebraska	Omaha, Nebraska
American District Telegraph Company	9-21-59	Nevada	Carson City, Nevada
A.D.T. Company	2-28-52	New Jersey	Jersey City, N.J.
American District Telegraph Company	2-22-01	New Mexico	Santa Fe, N. Mex.
A.D.T. Company, Inc.	7- 5-02	New York	New York, N.Y.
Bankers' Electric Protective Association, Inc.	4-12-24	New York	New York, N.Y.
*Brooklyn Telegraph & Messenger Company	1-20-05	New York	New York, N.Y.
The Special Fire Alarm Electrical Signal Company	4-24-94	New York	New York, N.Y.
A.D.T. Company	3- 6-39	North Carolina	Winston-Salem, N.C.
American District Telegraph Company of Cincinnati, Ohio	11-15-92	Ohio	Cincinnati, Ohio
The American District Telegraph Company of Cleveland Company	9- 1-99	Ohio	Cleveland, Ohio
The American District Telegraph Company of Columbus, Ohio	11- 1-76	Ohio	Columbus, Ohio
The American District Telegraph Co.	3-30-98	Ohio (Dayton)	Dayton, Ohio
The American District Telegraph Company of Ohio Company	12-20-98	Ohio	Columbus, Ohio
American District Telegraph Company of Toledo, Ohio	1-11-01	Ohio	Toledo, Ohio
The American District Telegraph Company of Oklahoma	9- 8-99	Olkahoma	Oklahoma City, Okla.
American District Telegraph Company	8-29-03	Oregon	Portland, Oregon
The American District Telegraph Company of Pennsylvania	3-27-99	Pennsylvania	Pittsburgh, Pa.
American District Telegraph Company	6-13-03	South Carolina	Charleston, S.C.

Name of Company	Date	Incorporation State of Place	Principal Place of Business
American District Telegraph Company of Dakota	11- 8-19	South Dakota	Sioux Falls, S.D.
A.D.T. Company	11-13-52	Tennessee	Nashville, Tenn.
American District Telegraph Company of Texas	10- 9-00	Texas	Houston, Texas
[fol. 3085]			
A.D.T. Realty Company	1-25-56	Texas	Houston, Texas
American District Telegraph Company	12-28-97	Utah	Salt Lake City, Utah
A.D.T. Corporation	4- 2-08	Virginia	Richmond, Virginia
American District Telegraph Company of Washington	7-30-00	Washington	Tacoma, Washington
Seattle American District Telegraph Company	7-28-87	Washington	Seattle, Washington
American District Telegraph Company	5-12-03	West Virginia	Washington, D.C.
American District Telergaph Company of Milwaukee	2- 9-88	Wisconsin	Milwaukee, Wisc.
American District Telegraph Company of Wisconsin	10- 9-99	Wisconsin	Milwaukee, Wisc.
Milwaukee Auxiliary Fire Alarm Co.	3-22-93	Wisconsin	Milwaukee, Wisc.
The American District Telegraph Co.	7-28-98	Wyoming	Cheyenne, Wyoming
	CANADA		
A.D.T. Service Company, Ltd.	12-11-56	Canada	Toronto, Ontario
British Columbia District Telegram Company, Ltd.	3- 2-91	B.C. Canada	Vancouver, B.C.
Dominion Electric Protection Company	7-19-24	Canada	Toronto, Ontario

Interrogatory No. 3

List the names and business addresses of the managers of the manufacturing plants, district offices, warehouses and central stations of ADT.

Answer to Interrogatory No. 3

See appendix to Interrogatory No. 3 attached.

Interrogatory No. 9

State the date each central station operated by the Company commenced operation and the date such central stations received approval to furnish accredited central station protection service from the insurance organization having jurisdiction.

Answer to Interrogary No. 9

Schedule hereto attached sets forth the dates requested but only subsequent to April 13, 1951.

[fol. 3086]

Schedule in Support of Answer to Interrogatory No. 9*

City	Started Operation	Fire Approval	Burglary Approval
Huntington Park, Cal.	Dec. 10, 1952	1953	May 6, 1953
Madison, Wis.	Mar. 1, 1961	1961	July 7, 1961
Mineola, N. Y.	Apr. 1, 1959	1959	Dec. 29, 1959
Minneapolis, Minn.			1954
New Brunswick, N. J.	Dec. 12, 1960	1961	July 7, 1961
Oshkosh, Wis.			Jan. 10, 1961
Rock Island, Ill.	July 12, 1955	1955	Aug. 15, 1955
Sacramento, Cal.	July 1, 1954	1954	Oct. 8, 1954
San Diego, Cal.	Apr. 25, 1960	1960	July 13, 1960
San Jose, Cal.	Jan. 20, 1960	1960	June 22, 1960
Springfield, O.			Feb. 1, 1960
White Plains, N. Y.	Apr. 17, 1961	1961	
Wilmington, Del.	May 19, 1952	1952	June 6, 1952

* Except where the date is specifically set forth, the years mentioned are the best available approximations, records being unavailable for the determination of more accurate dates.

Interrogatory No. 11

Did ADT sellor furnish protection devices to any individual, partnership, corporation or other person engaged in the central station protection business from January 1, 1949, to January 1, 1961? If the answer to this Inter-

rogatory is in the affirmative, supply the following information:

(a) The names and addresses of the parties to whom devices with a value exceeding $300 were sold or furnished.

(b) The amount received by ADT from the sale of devices for each year from January 1, 1949, to January 1, 1961.

[fol. 3087]

Answer to Interrogatory No. 11

	1951*	1952	1953
1. Automatic Fire Alarm Co. 120 West 42nd Street New York 36, N. Y.	$46,258.72	$73,215.38	$53,878.99
2. Holmes Electric Protective Co. 49–70 31st Street Long Island City, New York	6,210.70	3,688.08	2,890.92
3. Dominion Electric Protection Co. 92 Adelaide Street, West Toronto 1, Ontario, Canada	8,342.04	10,989.15	13,245.23
4. Rhode Island Electric Protection Co. 111 Mathewson Street Providence, Rhode Island	3,123.90	2,395.38	2,690.98
5. British Columbia Dist. Telegraph Co., Ltd. 355 Burrard Street—Marine Bldg. Vancouver 1, B. C., Canada	12,204.72	5,578.41	9,457.24
6. Central Alarm Co. 916 Adams Street Phoenix, Arizona	—	—	—
	$76,140.08	$95,866.40	$82,163.36

* These figures are for the full year 1951. The submission thereof is not intended to waive the ten year period beginning April 13, 1951, provided for in the opinion of Chief Judge Sweeney.

	1954	1955	1956
1. Automatic Fire Alarm Co. 120 West 42nd Street New York 36, N. Y.	$52,732.45	$41,663.73	$45,379.92
2. Holmes Electric Protective Co. 49–70 31st Street Long Island City, New York	2,400.72	4,324.80	5,152.62
3. Dominion Electric Protection Co. 92 Adelaide Street, West Toronto 1, Ontario, Canada	3,028.90	5,953.97	9,074.43
4. Rhode Island Electric Protection Co. 111 Mathewson Street Providence, Rhode Island	6,810.52	7,074.66	5,011.42

Answer to Interrogatory No. 11 (Continued)

5. British Columbia Dist. Telegraph Co., Ltd. 355 Burrard Street—Marine Bldg. Vancouver 1, B. C., Canada	11,126.74	17,632.41	14,160.39
6. Central Alarm Co. 916 Adams Street Phoenix, Arizona	—	—	—
	$76,099.33	$76,649.57	$79,778.78

	1957	1958	1959	1960
1. Automatic Fire Alarm Co. 120 West 42nd Street New York 36, N. Y.	$ 79,519.96	$ 82,890.07	$113,767.44	$ 86,551.79
2. Holmes Electric Protective Co. 49-70 31st Street Long Island City, N. Y.	4,087.40	5,906.78	7,022.42	7,029.99
3. Dominion Electric Protection Co. 92 Adelaide Street, West Toronto 1, Ontario, Canada	35,122.38	152,417.81	235,994.39	257,430.87
4. Rhode Island Electric Protection Co. 111 Mathewson Street Providence, Rhode Island	7,039.12	11,113.67	10,153.90	6,733.05
5. British Columbia Dist. Telegraph Co., Ltd. 355 Burrard Street—Marine Bldg. Vancouver 1, B. C. Canada	26,192.93	92,454.52	69,093.81	31,383.45
6. Central Alarm Co. 916 Adams Street Phoenix, Arizona	—	—	—	7,730.00
	$151,961.79	$344,782.85	$436,031.96	$396,859.15

Interrogatory No. 13

List and describe all protection devices which ADT purchased during the last fiscal year for use in connection with its central station protection business and supply the following information:

(a) The name and business address of each manufacturer and supplier from whom devices were purchased.

(b) The amount paid to each manufacturer or supplier for the devices purchased.

Answer to Interrogatory No. 13

See appendix to Interrogatory No. 13 attached.

[fol. 3089]

APPENDIX TO ANSWER TO INTERROGATORY No. 13

Protection Devices Purchased For Use In Connection With Central Station Service
Fiscal Year 1960

Supplier's Name and Address	Description of Devices Purchased	Total Purchase
Acorn Insulated Wire Company 36 Freman Street Pawtucket, Rhode Island	790–V–790 MV Tubing	$ 8,885
Aurora Pump Division N.Y. Air Brake Company 230 Park Avenue New York 17, New York	B6121–P Pump	12,090
Automatic Control Comapny 75 West Street New York, New York	3631–Switch	1,875
Baltic Metal Products 120 Sutton Street Brooklyn 22, New York	B295–Switchboard Section B980–Outside Protection Box 4203–Gang Box B5305–Outdoor Bell Housing	7,367
B&S Manufacturing Company 1666 Stephen Street Brooklyn 27, New York	729–A Spring	395
Brown Wood Prod. Company 1744 N. Mozart Street Chicago 47, Illinois	C887 Support	203.
Columbia Metal Box Company 260 E. 143 Street New York 51, New York	594 Protector Housing 3702–3 Fuse Box	1,525
Dayton Rogers Mfg. Company P. O. Box 449 Caldwell, New Jersey	6603–Bracket, Window	71.
Delta Metal Products Company 474 Flushing Avenue Brooklyn, New York	3702 Box, Fuse	5,500
Eco Engineering Company 12 New York Avenue Newark 1, New Jersey	6110–P–5 Pump Unit 6110–P–10 Pump	1,321
Ellenco, Inc., P. O. Box 3627 Washington 7, D.C.	4606–C1—4606–C2 Control Units	686
Fansteel Metallurgical Corp. North Chicago, Illinois	B2601 Power Unit 2615 Rectifier Unit	15,640

...swer to Interrogatory No. 13 (Continued)

...3090]

Supplier's Name and Address	Description of Devices Purchased	Total Purchase Value
...al Pacific Elect. Prod. ...ark Place ... York 7, New York	G–85 Type Drops G85–N—G85–P—G85–GN—G85–GP G85–GN–15—G85–GP–15 Drops	346,736.59
...ew Krouse Elect. Supply ...ennard Street ... York City, N.Y.	598 Protector	621.00
...ubar Electric Co., Inc. ...45 Bridge Plaza No. ... Island City, N.Y.	C–215 Telephonn Handset 598 Protector	3,544.00
...ell Corporation ...W. Exchange Street ...idence 1, Rhode Island	B56,–W, Type Switches 66 Types Pressure Switch 67 Type Switches 68 Type Waterflow Alarm Switch 498 Types Detector 550 Type Gravity Tank Float Switch 560 Switch 611 Post Indicator Valve Switch 612 Type Switches 613 Type Switches 614 Type Switches 615 Type Switches B665 Type Valve C668 Type Switch B6106 Restrictor B6109 Pressure Tank & Float & Switch 6112 Lock Cock 6115 Swing Check Valve 6125 Waterflow Alarm Switch	135,295.55
...ating Spec. Co. ...9 Evan Terminal Road ...ia, New Jersey	2903–B Block	409.50
...ano Tube Company ... Kisco, ... York	790—790–J—790–M Tubing	78,375.00
...ar Kidde ...ighton Road ...on, New Jersey	7104 Type Transmitting Transducers	85,086.85
...ontrol, Inc. ...kman Street ... York, New York	B3624 Switch, Water Level-Type	6,244.84
... Metal Etching Corporation ...40 Atlantic Avenue ...ne Park 16, L.I., N.Y.	2930 Indicator Test	156.00
...neapolis Honeywell Reg. Co. ...30 Skillman Avenue ...C., New York	B3606,–7,–10 Thermostats	15,149.50

Answer to Interrogatory No. 13 (Continued)

[fol. 3091]

Supplier's Name and Address	Description of Devices Purchased	Total Purchase Val
J. Arthur Moore Company 342 Madison Avenue New York 17, New York	3908 Thermometer	5.0
Norris Manufacturing Company 7 Schoon Avenue Hawthorne, New Jersey	B6604-Type Foil	20,102.5
Reeve Electric Company 132 Lafayette Street New York City, New York	3204,-5,-6,-7 Type Bells B4604-C Control Unit	33,054.4
Revere Copper & Brass Company 196 Diamond Street Brooklyn 22, New York	6605 Foil 6607 Foil	5,620.5
Rollins Electric Company 804 S. Atlantic Blvd. Monterey Park, Calif.	C4502 Call Light Unit	365.0
Sola Electric Company 84 Industrial Avenue Little Ferry, New Jersey	B2611 Types Power Unit	11,085.6
Spaulding Fibre Company 384 E. 149 Street New York City, New York	2903–B Insulating Block	415.0
Sperti-Faraday, Inc. 405 Lexington Avenue New York City, New York	B519, B518 Type Horns B575 & 579 Type Bells 835–110 Kodair Horn	8,765.76
Stromberg Time Corp. 150 E. 47 Street New York City, New York	4406–A Time Stamp	1,680.0
Stromberg Carlson 100 Carlson Road Rochester 3, New York	5707 Telephone Handset	5,625.0
Superior Tube Company Norristown, Pennsylvania	790, 790–M Aero Tubing	66,675.0
Taylor Instrument Company 30 Rockefeller Plaza New York City, New York	3908 Thermometer	14.5
Victor Electric Wire Company West Warwich, Rhode Island	790–MV, V Aero Tubing	4,045.4

[fol. 3092] *Interrogatory No. 14*

State the total value of all protection devices and materials installed in subscribers premises and in the central stations of ADT in connection with central station protection service during the Company's last fiscal year.

Answer to Interrogatory No. 14

The total value of all protection devices and materials installed in subscribers' premises and in the central stations of ADT in connection with central station protection service during the Company's last fiscal year was $9,247,960.

Interrogatory No. 15

State ADT's policy on the length of service time periods for central station protection service contracts and supply the following information:

(a) The number of central station protection service contracts of five years duration in effect on January 1, 1961.
(b) The number of central station protection service contracts of less than five years duration in effect on January 1, 1961.
(c) The number of central station protection service contracts of more than five years duration in effect on January 1, 1961.

Answer to Interrogatory No. 15

ADT's policy on the length of service term is set forth in the sample form contracts previously furnished to the Department of Justice by ADT. Occasionally, as with the Federal Government, for example, which cannot contract beyond the current fiscal year or with subscribers who have short-term leases, shorter terms are acceptable, and there are a scatt ring of short-term contracts written for less than the standard five-year period.

It is impossible, in the present setup of ADT machine records, to determine without inspection of each contract the number which fall in the three exact categories set forth in the interrogatory. ADT records, however, month [fol. 3093] by month, the average term of all contracts,

new and renewal, closed in the month and is, therefore, able to state quite accurately the average term of contracts entered into in any period. From this basis there is offered the following tabulation, which shows the average terms of contracts written in the years 1956, 1957, 1958, 1959, and 1960.

Average Term of Contract

1956	4.8 years
1957	4.8 "
1958	4.8 "
1959	4.9 "
1960	4.9 "

Interrogatory No. 16

Explain in detail the various items considered by ADT in arriving at prices for annual service charges and advanced service charges for central station protection service as listed in the Company's Schedule of Minimum Basic Service Charges.

Answer to Interrogatory No. 16

Annual service charge.

1. Sales expense.
2. Operating expense.
3. Plant or maintenance expense plus loading.
4. Wire rental.
5. Repair materials.
6. Power.
7. General overhead.
8. Research and experimental expense.
9. Social security.
10. Damage and legal expense.
11. Depreciation.
12. Salvaged material junked.
13. Cost of outright sales.

[fols. 3094-3096] Advance service charge:

1. Labor—direct plus plant department loading which includes supervision, indirect labor and vehicle and other plant department expenses.

2. Material—raw material plus cost of fabrication, manufacturing overheads, and cost of purchased material.
3. Supply expense—costs of warehousing, shipping and receiving.

In addition to these factors, ADT takes into account the maintenance of cash resources, sufficient to meet the gradually expanding investment in plant and equipment, and to provide prudent reserves for contingencies, and the need for maintaining an acceptable earnings/investment ratio, and the payment of reasonable dividends to stockholders.

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[fol. 3097] *Interrogatory No. 20*

State the number of ADT's central station burglar alarm subscribers which have been issued Underwriters' Laboratories, Inc. Certificates.

Answer to Interrogatory No. 20

The number of ADT's central station burglar alarm subscribers to whom Underwriters' Laboratories, Inc. certificates have been issued and were in force at January 1, 1961, was 13,383, which was 39.7% of ADT central station burglar alarm subscribers at that date.

• • • • • • •

[fol. 3098] *Interrogatory No. 36.*

Are the prices listed in ADT's Schedule of Minimum Basic Service Charges promulgated for use throughout the United States and Canada? If the answer to this Interrogatory is in the negative, describe the area in which such prices are used.

Answer to Interrogatory No. 36

The schedule of Minimum Basic Service Charges is, from time to time, developed by ADT (N. J.) and distributed and used only internally for the information and guidance of its sales and other representatives. Such schedule is not designed for use and is not used in Canada.

Interrogatory No. 37

State the date of each price change and the total percentage of increase of annual service charges and advanced service charges for each type of central station protection service ADT furnished from January 1, 1947, to December 31, 1960.

Answer to Interrogatory No. 37

The date of each price change, for the period April 13, 1951 to December 31, 1960, is as follows:

2-1-53	1-1-57
11-1-53	12-1-58
2-5-54	1-1-59
5-10-54	4-1-59
12-6-54	7-1-59
1-1-56	10-1-59
10-1-56	1-1-60

[fol. 3099] The Company does not maintain or use in connection with its business the percentages referred to in this interrogatory. Copies of the price changes made by the Company on each of the dates above mentioned have been heretofore furnished to the Government.

Interrogatory No. 38

What disposition was made of central stations owned and operated by companies acquired by ADT since 1925?

(1) General Alarm Corporation, Boston, 1955. The central station subscriber accounts required in this purchase were connected to the ADT Boston central station. The central station of General Alarm Corporation was dismantled.

(2) Federal Automatic Alarms, Albuquerque, 1959. The limited central station business conducted by this company at the time of purchase was converted to direct-connected service. The central station equipment was dismantled and sold to Central Alarms, Phoenix, Arizona.

Interrogatory No. 45

State the total amount ADT received from the Rhode Island Electric Protective Company each year pursuant to the agreement dated March 29, 1954, between ADT, Grinnell and the Rhode Island Electric Protective Company. State also the total dollar amount of protection devices furnished to the Rhode Island Protection Company each year under this agreement.

Answer to Interrogatory No. 45

Revenues Received

1954	1955	1956	1957
$ 4,794.51	$13,191.60	$17,256.82	$14,374.33
1958	1959	1960	
$15,238.90	$15,620.13	$17,840.63	

[fol. 3100]

Protection Devices Furnished

1954	1955	1956	1957
$ 514.08	$ 6,521.72	$ 521.44	$ 1,560.70
1958	1959	1960	
$ 2,027.01	$ 1,020.85	$ 652.36	

Additional Interrogatories Propounded By the Plaintiff On January 31, 1963

Interrogatory No. 2

State the address of each central station operated by the company in the United States and Canada which has not received any approvals from any of the insurance organizations having jurisdiction over the various types of central station protection Service.

Answer to Interrogatory No. 2

None.

Interrogatory No. 3

State the reason why the company has made application to, and obtained the approval of the insurance organizations having jurisdiction over the various types of central sta-

tion protection service in the United States and Canada, and furnish the following information:

• • • • • • •

[fol. 3101] *Answer to Interrogatory No. 3(a)*

San Jose, California—$89.64
San Diego, California—$164.65
Cleveland West, Ohio—$101.73
White Plains, New York—$114.85
Hamilton, Ohio—$184.48
New Brunswick, New Jersey—$149.32
Madison, Wisconsin—$183.29
Van Nuys, California—$156.23

In addition, ADT has incurred costs of $1,359.75 in connection with obtaining reapprovals where it has been necessary to relocate existing central stations within the central station city.

Interrogatory No. 3(b)

State the total dollar amount the company paid to all insurance organizations having jurisdiction over the various types of central station protection service for annual inspection services for each year from January 1, 1959 to date.

Answer to Interrogatory No. 3(b)

	Annual Central Station Charges	Annual Certificate Charges
1950	$21,384	$12,121.00
1960	29,873	12,723.00
1961	32,451	13,383.00
1962	32,526	13,936.00
1963	24,313	14,374.00

Interrogatory No. 4

• • • • • • • •

[fol. 3102] *Answer to Interrogatory No. 4*

All ADT central station fire protection systems have been inspected and approved by some insurance organization with the exception of some installations, mainly Gov-

ernment, which do not come under any insurance jurisdiction.

(a) ADT has no way to determine the number of such fire alarm systems which have not been approved by the various insurance organizations.

Interrogatory No. 6

Describe the policy or procedure of the company relating to the removal of central station protection systems from the subscriber's premises upon the termination of central station protection service contracts (1) where the subscriber remains in the premises and (2) where the subscriber moves to a new location. Also, furnish the following information: [under Interrogatories 6(a) and 6(b)]

Answer to Interrogatory No. 6

(1) The policy of ADT relating to the removal of central station protection systems from subscribers' premises upon the termination of central station protection service contract where the subscriber remains in the premises, and where the subscriber has furnished satisfactory evidence of a firm desire to sever his relations with ADT, is to remove and return to its storerooms all reasonably salvagable material.

(2) Where the subscriber moves to a new location, it is ADT's practice to place the installation under what is known as "temporary discontinuance", in which the equipment installed on the premises is allowed to remain intact until such time as notification is received from the sales organization that, in its opinion, there is no reasonable possibility of resale of service at that location, following which, the action with respect of the equipment removal is the same as where the subscriber remains in the premises.

Interrogatory No. 6(a) [refers to last sentence under Interrogatory 6, above]

Has the company ever sold the central station protection [fols. 3103-3104] system to the subscriber upon the termination of the central station protection contract? If so, state the number of such instances each year from January 1, 1957, to date.

Answer to Interrogatory 6(a)

Yes. It is not the practice of ADT to maintain any permanent record of such sales, but, based upon reasonable searches of records, and recollections of employees, the following are the number of such instances in each year from January 1, 1957 to date:

Year	Number of Instances
1957	2
1958	0
1959	42
1960	8
1961	8
1962	5

Interrogatory No. 6(b) [refers to last sentence under Interrogatory 6, above]

Has the company ever sold the protection system to another central station protection company upon the cancellation of the central station protection contract? If so, state the names of such protection companies and state the number of such sales each year from January 1, 1957, to date.

Answer to Interrogatory No. 6(b)

Based upon reasonable inquiry of ADT employees who might be expected to have knowledge of such instances, ADT's answer to this interrogatory is "none".

Interrogatory No. 9

State the names and addresses of all companies operating central stations which have been approved by any of the insurance organizations having jurisdiction over the various types of central station protection service and the location of each central station which competes with the central stations operated by companies controlled by ADT in Canada.

Answer to Interrogatory No. 9

None.

* * * * * * *

[fol. 3105] *Interrogatory No. 11*

State the total dollar amount of all protection devices manufactured or assembled by ADT for each year from 1955 to date.

Answer to Interrogatory No. 11

Year	Protection Devices Manufactured or Assembled
1955	$2,155,193
1956	2,421,199
1957	2,131,841
1958	2,317,661
1959	3,228,720
1960	3,311,910
1961	2,754,839
1962	3,699,174

[fol. 3106] *Interrogatory No. 13*

State the number of central station sprinkler supervisory and water flow alarm contracts in force on February 18, 1954, and on each succeeding January 1st to date, on which ADT is obligated to pay a percentage of the annual service charge to the Grinnell Corporation.

(a) State also the total dollar amount ADT paid to the Grinnell Corporation each year from February 18, 1954 to date on such protection contracts.

Answer to Interrogatory No. 13

Date	Number of Contracts In Force
February 18, 1954	10,871
January 1, 1955	10,699
January 1, 1956	10,342
January 1, 1957	10,125
January 1, 1958	9,852
January 1, 1959	9,454
January 1, 1960	9,321
January 1, 1961	9,127
January 1, 1962	8,870
January 1, 1963	8,554

(a) Year	Payments to Grinnell Corporation
1954	$1,114,357.35 (Note)
1955	1,403,681.29
1956	1,371,511.47
1957	1,334,339.35
1958	1,294,092.27
1959	1,237,722.45
1960	1,197,325.95
1961	1,163,972.20
1962	1,124,565.38

[fol. 3107] Note: Excludes $82,235.48 collected by A.D.T. prior to 2/18/54 applying to the period subsequent to 2/18/54, which was paid to Grinnell 2/24/54. Also excludes $24,366.15 covering uncollected accounts as of 1/31/54 applying to the period subsequent to 2/18/54, paid to Grinnell 3/10/54.

Interrogatory No. 14(a)

Furnish the following information with respect to the agreement dated March 29, 1954 between ADT and the Rhode Island Electric Protective Company:

(a) The total cost to ADT in performing its obligations under the agreement for each year from 1954 through 1961 and state the method utilized to derive these figures:

Answer to Interrogatory No. 14(a)

(a) Year	Total Cost to ADT
1954	$ 66.55
1955	663.22
1956	245.45
1957	–0–
1958	178.96
1959	272.46
1960	618.10
1961	–0–
1962	–0–

Note: The amounts furnished in this answer do not include the cost to ADT to manufacture or purchase and supply to Rhode Island Electric Protective Company, Protection Devices purchased by Rhode Island Electric Protective Company for which ADT is reimbursed by Rhode Island Electric Protective Company (see item (b) below). These figures were derived from Plant and Equipment Trial Balances (year end) for the years 1954 through 1962.

[fol. 3108] *Interrogatory No. 14(b)*

The total dollar amount of protection devices purchased by the Rhode Island Electric Protective Company in each year from 1954 through 1961 to repair or replace alarm systems covered by the agreement:

Answer to Interrogatory No. 14(b)

Year	Rhode Island Electric Protective Company Purchases
1954	$3,559.54
1955	4,193.85
1956	3,584.26
1957	5,829.91
1958	8,011.99
1959	7,209.92
1960	5,229.30
1961	5,593.29

Interrogatory No. 14(c)

The total dollar amount ADT received from the Rhode Island Electric Protective Company for each year from 1954 through 1961 as its share of the installation charges under the agreement.

Answer to Interrogatory No. 14(c)

Year	Installation Charges Received from Rhode Island Electric Protective Company
1954	–0–
1955	$246.25
1956	605.00
1957	–0–
1958	175.00
1959	558.50
1960	–0–
1961	–0–

[fol. 3109-3110] *Interrogatory No. 14(d)*

The total dollar amount ADT received from the Rhode Island Electric Protective Company for each year from 1954 through 1961 as its share of the annual service charges under the agreement.

Answer to Interrogatory No. 14(d)

Year	Annual Service Charges Received from Rhode Island Electric Protective Company
1954	$1,310.87
1955	4,141.66
1956	4,075.87
1957	4,479.79
1958	4,268.16
1959	4,235.99
1960	4,400.38
1961	4,239.24

Respectfully submitted, /s/ Noel E. Story, /s/ Hugh P. Morrison, Jr., Attorneys, Department of Justice.

Dated:—.

[fol. 3111] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 314

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

DESIGNATION OF ANSWERS OF THE HOLMES ELECTRIC PROTECTIVE COMPANY TO INTERROGATORIES PROPOUNDED BY PLAINTIFF—filed January 29, 1964

Pursuant to the order of the Court dated December 18, 1963, submitted herewith are answers of the Holmes Electric Protective Company to Interrogatories propounded by the Plaintiff upon which the Government will rely in its Case-in-Chief.

Interrogatories Propounded By Plaintiff On July 11, 1961

Interrogatory No. 1

State the full name of Holmes, the date and state of its incorporation and the location of its principal place of business.

Answer to Interrogatory No. 1

The full name of Holmes is Holmes Electric Protective Company. It was incorporated in January 1883, under the laws of the State of New York and has its principal place of business at 370 Seventh Avenue, New York 1, New York.

Interrogatory No. 2

List the names and addresses of all officers and members of the board of directors of Holmes and designate the position currently held by each official.

Answer to Interrogatory No. 2

The names and business addresses of all officers and directors, and positions currently held by each, of Holmes [fol. 3112] and its subsidiaries are as follows:

Holmes

Henry C. Ward, President and Director
370 Seventh Avenue
New York 1, N. Y.

John A. Mahoney, Secretary and Director
370 Seventh Avenue
New York 1, N. Y.

Roy W. Cooper, Treasurer
370 Seventh Avenue
New York 1, N. Y.

James D. Fleming, Director
260 West Exchange Street
Providence 1, R. I.

Roger T. Clapp, Director
260 West Exchange Street
Providence 1, R. I.

Clarence H. Rison, Director
260 West Exchange Street
Providence 1, R. I.

Clifford G. Sherman, Director
2440 Dundas Street West
Toronto 9, Ontario, Canada

Nora Griffin, Assistant Treasurer
370 Seventh Avenue
New York 1, N. Y.

Alfred Morelli, Assistant Secretary
370 Seventh Avenue
New York 1, N. Y.

Holmes Electric Protective Company of Philadelphia:

Henry C. Ward, President and Director
370 Seventh Avenue
New York 1, N. Y.

Bruce D. Crockett, Vice President and Director
11th and Sansom Streets
Philadelphia 7, Pa.

John A. Mahoney, Secretary and Director
370 Seventh Avenue
New York 1, N. Y.

Row W. Cooper, Treasurer
370 Seventh Avenue
New York 1, N. Y.

[fol. 3113] Cyril K. Empringham, Director
370 Seventh Avenue
New York 1, N. Y.

Nora Griffin, Assistant Treasurer
370 Seventh Avenue
New York 1, N. Y.

Alfred Morelli, Assistant Secretary
370 Seventh Avenue
New York 1, N. Y.

Holmes Electric Protective Company of Pittsburgh:

Henry C. Ward, President and Director
370 Seventh Avenue
New York 1, N. Y.

Bruce D. Crockett, Vice President and Director
11th and Sansom Streets
Philadelphia 7, Pa.

John A. Mahoney, Secretary and Director
370 Seventh Avenue
New York 1, N. Y.

Roy W. Cooper, Treasurer
370 Seventh Avenue
New York 1, N. Y.

Robert A. Dyckman, Director
521 Sixth Avenue
Pittsburgh, Pa. (19)

James G. Healey, Director
370 Seventh Avenue
New York 1, N. Y.

Nora Griffin, Assistant Treasurer
370 Seventh Avenue
New York 1, N. Y.

Alfred Morelli, Assistant Secretary
370 Seventh Avenue
New York 1, N. Y.

**Pittsburgh Fire Protection Company:*

Henry C. Ward, President and Director
370 Seventh Avenue
New York 1, N. Y.

Bruce D. Crockett, — President and Director
11th and Sansom Streets
Philadelphia 7, Pa.

[fol. 3114-3115] John A. Mahoney, Secretary and Director
370 Seventh Avenue
New York 1, N. Y.

Roy W. Cooper, Treasurer
370 Seventh Avenue
New York 1, N. Y.

Robert A. Dyckman, Director
521 Sixth Avenue
Pittsburgh 19, Pa.

James G. Healey, Director
370 Seventh Avenue
New York 1, N. Y.

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* Pittsburgh Fire Protection Company is a wholly owned subsidiary of Holmes Electric Protective Company of Pittsburgh.

Nora Griffin, Assistant Treasurer
370 Seventh Avenue
New York 1, N. Y.

Alfred Morelli, Assistant Secretary
370 Seventh Avenue
New York 1, N. Y.

* * * * * * *

[fol. 3116] *Interrogatory No. 4*

List the names, the dates and states of incorporation and the locations of the principal places of business of all subsidiaries of Holmes.

Answer to Interrogatory No. 4

Holmes Electric Protective Company of Philadelphia was incorporated in April, 1899 under the laws of the State of Pennsylvania. Its principal place of business is at 11th and Sansom Streets, Philadelphia 7, Pa.

Holmes Electric Protective Company of Pittsburgh was incorporated in February, 1897 under the laws of the State of Pennsylvania Its principal place of business is at 521 Sixth Avenue, Pittsburgh 19, Pa.

Pittsburgh Fire Protection Company, a subsidiary of the last named corporation, was incorporated in July, 1896 under the laws of the State of Pennsylvania. Its principal place of business is at 521 Sixth Avenue, Pittsburgh 19, Pa.

Metropolitan Electric Protective Company is inactive and was incorporated in August, 1906 under the laws of the State of New York.

Interrogatory No. 5

State the number of shares of voting stock that Holmes holds in each of the companies set forth in answer to Interrogatory 4.

Answer to Interrogatory No. 5

Holmes holds all 8,000 shares of the outstanding voting stock in Holmes Electric Protective Company of Philadelphia (hereinafter referred to as "Holmes of Philadel-

phia"), all 2,000 shares of the outstanding voting stock in Holmes Electric Protective Company of Pittsburgh (hereinafter referred to as "Holmes of Pittsburgh"), and all 780 shares of the outstanding voting stock in Metropolitan Electric Protective Company (an inactive corporation). Holmes of Pittsburgh holds all 600 shares of the outstanding voting stock in Pittsburgh Fire Protection Company.

Interrogatory No. 11

State the total value of all protection devices and materials installed in subscribers' premises and in the central [fol. 3117] stations of Holmes in connection with central station protection service during the Company's last fiscal year.

Answer to Interrogatory No. 11

The total value of all protection devices and materials installed in subscribers' premises and in the central stations of Holmes in connection with central station protection service during the Company's last fiscal year was $1,994,257.09.

Interrogatory No. 12

State Holmes' policy on length of service time periods for central station protection service contracts and supply the following information:

(a) The number of central station protection service contracts of three years duration in effect on January 1, 1961.
(b) The number of central station protection service contracts of less than three years duration in effect on January 1, 1961.
(c) The number of central station protection service contracts of more than three years duration in effect on January 1, 1961.

Answer to Interrogatory No. 12

The standard Holmes contract for central station protective service, provides for an initial term of three years, which is automatically extended for successive periods of

one year each, unless notice of termination is given by either party thirty days before expiration. Although the standard contract provides for a three year initial term, a conntract for a one year term will be accepted upon request of the subscriber and, in the case of a subscriber moving into premises already equipped with a Holmes' installation, contracts for as short a period as one month will be accepted if requested. Month to month extensions upon expiration of original or yearly renewal contract terms may also be accepted upon request of the subscriber.

Holmes' policy with respect to enforcement of contract terms is liberal. As a general practice, customers who [fol. 3118] have completed one year of service are permitted to cancel their agreement without penalty.

In a few cases in New York and Pittsburgh, contracts have been signed for periods in excess of three years. The Philadelphia Company has a substantial number of five year contracts.

(a) Contracts of three year duration in effect January 1, 1961: 4,181
(b) Contracts of less than three years' duration: 10,529
(c) Contracts of more than three years' duration: 278

Since all records are kept on a current basis, (a), (b), and (c) are based on a count of contracts made as of September 1, 1961, and have been adjusted, by taking into consideration connections and disconnections, in order to arrive at a reasonably accurate figure for January 1, 1961.

Interrogatory No. 14

State the policy of Holmes with respect to allowing subscribers of central station protection service to pay the advanced service charge on an installment basis and supply the following information:

(a) The number of central station protection subscribers under contract on January 1961, who were permitted to pay the advanced service charge on an installment basis.
(b) The total amount of all such advanced service charges.

Answer to Interrogatory No. 14

All installation charges become due upon the completion of the installation and contracts provide that such charges shall be paid before electric protective service is furnished. In a few instances, when requested by the customer, the Company permits its subscribers to pay all or a part of the installation charges on a monthly installment basis.

(a) As of January 1, 1961, installation charges due under 62 contracts were being paid on installment basis.
(b) The total amount of installation charges specified in such contracts was $96,092.20.

[fol. 3119] *Interrogatory No. 18*

Explain Holmes' procedure in handling central station protection service contracts from the time the sales representative obtains the signature of the subscriber until it is finally accepted by Holmes and supply also the following information:

(a) The positions of all Company officers or employees responsible for reviewing the terms of contracts and the name and position of the officer exercising final authority over accepting or rejecting a contract.
(b) The required number of copies of the contract and the final destination of all copies of the contract.
(c) List, describe and state the form number of all Holmes' forms required to be executed by sales representatives or field representatives in connection with each contract executed by the Company and the places where such executed forms are filed.
(d) Are payments for annual service charges and advanced service charges made to the subsidiary supplying the service or to the general office of the Company?

Answer to Interrogatory No. 18

The method of handling contracts is similar in the three Holmes Companies but is somewhat more detailed in New York.

New York Procedure:

After the sales representative has secured the signature of the subscriber to a contract, he prepares form No. 177, which is a detailed plan of the protection to be installed, and form No. 988, which is an estimate sheet detailing the items taken from the estimating guide and making up the installation charge. The contract, plan, estimate sheet and advance payment (if any) are submitted to a Contract Agent in the main office, who is responsible for checking the contract with the salesman's plan of installation and estimate. The contract is then referred to the Company's [fol. 3120] Credit Manager for credit clearance. After the credit of the prospective subscriber has been approved, the Contract Agent lists the points to be protected, which he obtains from the salesman's plan, and has them typed on the reverse side of the contract under the heading "Schedule of Installation." The Contract Agent then executes both copies of the contract and returns the copy marked "Subscriber's Original" to the Subscriber. The copy marked "Company's Original" is forwarded to the Company's Accounting department in the main office for filing.

From the plan on form No. 177, the Contract Agent prepares large work plans, Form No. 577, 578, 579, which are distributed to the Construction and Operating Departments.

In the relatively few instances when a salesman tenders for acceptance a contract providing an installation charge lower than provided in the estimating guide the Contract Agent obtains approval of the Sales Manager, before accepting the contracts.

Salesmen are instructed to submit a "Competition Report" (no form number) in cases where competition has been encountered.

(a) Employes occupying the following positions have been designated "Contract Agents" and are authorized,

in addition to the officers of the Company, to sign servece contracts with subscribers:

Holmes:

Sales Manager
Commercial Office Manager
Assistant Sales Manager
General Commercial Clerk
Operating Superintendent

Holmes Electric Protective Company of Philadelphia:

Sales Manager and one Salesman

Holmes Electric Protective Company of Pittsburgh:

General Manager
Chief Clerk

[fol. 3121] The bulk of all contracts are reviewed, approved and signed by a contract agent. In some cases approval of the sales manager or person responsible for sales must be obtained. Final authority for accepting or rejecting a contract, however, is vested in the President, or in his absence, another officer of the Company. The officers of the Company are listed below:

Holmes:

Henry C. Ward, President; John A. Mahoney, Secretary; Roy W. Cooper, Treasurer.

Holmes Electric Protective Company of Philadelphia:

Henry C. Ward, President; Bruce D. Crockett; Vice President; John A. Mahoney, Secretary; Roy W. Cooper, Treasurer.

Holmes Electric Protective Company of Pittsburgh:

Henry C. Ward, President; Bruce D. Crockett, Vice President; John A. Mahoney, Secretary; Roy W. Cooper, Treasurer.

(b) Two copies of all contracts are required. The signed copy marked "Company's Original" is filed in the New York Accounting Department, of 370 Seventh Avenue. The

signed copy marked "Subscribers Original" is returned by mail to the subscriber.

(c) Refer to "New York Procedure" above. Forms are filed at the main office of the contracting company.

Note: The foregoing describes the procedure generally followed. There are, however, some variations, e.g., in the case of contracts with New York banking institutions.

Philadelphia and Pittsburgh Procedure:

In Philadelphia and Pittsburgh, salesmen do not prepare Form No. 177, but prepare the larger work plan Form No. 577, 578 and 579 themselves, and these are distributed to the construction and operating forces. Copies of contracts, marked "Company's Original", and copies of Competition Reports, if any, are forwarded to the Main Office of the New York Company, 370 Seventh Avenue. Otherwise, the procedures are similar to those of the New York Company.

[fol. 3122] *Philadelphia and Pittsburgh Procedure:*

(d) Payments of charges are made to the subsidiary supplying the service except in two instances in which service is rendered by both the parent and a subsidiary. In such instances, payments are made to the parent which remits the amount due the subsidiary for service rendered.

Interrogatory No. 21

State the total amount of all advanced service charges for central station protection service Holmes contracted for during the Company's last fiscal year.

Answer to Interrogatory No. 21

The term "advanced service charges" is not used by Holmes. During the last fiscal year installation charges for central station service totalled $1,370,023.25.

Interrogatory No. 22

State separately the number of proprietary, auxiliary, remote station and local protective signaling systems Holmes has installed and is maintaining and servicing, and furnish the following information:

(a) The total amount of service charges received from each type of protection system for each year from January 1, 1955, to December 31, 1960.

(b) Is title to the protection systems installed on the subscribers' premises retained by Holmes?

Answer to Interrogatory No. 22

The number of proprietary, auxiliary, remote station and local protective signalling systems Holmes is maintaining and servicing (September 1, 1961) is listed below:

[fol. 3123]	New York	Philadelphia	Pittsburgh	Total
*Proprietary	0*	0	0	0
Auxiliary	0	0	0	0
Remote Station (Connection to Police Station	0	4	18	22
Local Alffirms	3	6	65	74
Total	3	10	83	96

(a) Total amount of service charges received from each type of protection system for each year from January 1, 1955 to December 31, 1960:

Remote Station

Year	*Total Amount*
1955	$ 1,760.20
1956	2,107.60
1957	3,248.60
1958	4,354.80
1959	5,225.60
1960	6,266.40

Local Alarms

1955	$ 1,211.40
1956	1,468.80
1957	1,819.00
1958	3,843.60
1959	12,943.80
1960	17,930.80

(b) Title to the protection systems installed on the subscribers premises is retained by Holmes.*

Additional Interrogatories Propounded by the Plaintiff on January 31, 1961

Interrogatory No. 2

State the address of each central station operated by the company in the United States which has not received any approvals from any of the insurance organizations having jurisdiction over the various types of central station protection service.

[fol. 3124] *Answer to Interrogatory No. 2*

None.

Interrogatory No. 3

State the reason why the company has made application to, and obtained approval of the insurance organizations having jurisdiction over the various types of central station protection service, and furnish the following information:

Answer to Interrogatory No. 3

Holmes has applied for and obtained approval of Underwriters' Laboratories, Inc. for central offices and various types of burglary protective installations on subscribers' premises for the following reasons:

(a) To make insurance premium discounts available to subscribers, whose burglary protective installations qualify for Underwriters' Laboratories certification and who are insured by organizations which adhere to the premium discount schedules established by the National Bureau of Casualty and Surety Underwriters.

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* Holmes has installed two proprietary systems for which maintenance is furnished only on request, on a time and material basis. Title to such systems is not retained by Holmes.

(b) To assist insurers and underwriters who adhere to premium discount schedules established by the National Bureau of Casualty and Surety Underwriters readily to identify, through Underwriters' Laboratories certification, burglary protective installations eligible for such discounts.

(c) So that Holmes may certificate installations under authority of Underwriters' Laboratories, Inc. and thus benefit from such prestige as may accrue to it from the furnishing of certificated service.

Interrogatory No. 3 (a)

State the cost to the company in obtaining approvals from the insurance organizations having jurisdiction over the various types of central station protection service for each central station sinze April 13, 1951.

[fol. 3125] *Answer to Interrogatory No. 3 (a):*

Amounts paid by Holmes since April 13, 1951 to Underwriters' Laboratories, Inc. for examination and listing of central stations:

New Central Stations:

Office—2-C (Philadelphia)	$176.27

Relocated Central Stations:

Office—7-C (New York)	146.19
Office—8-C " "	96.90
Office—11-C " "	89.04
Office—20-C " "	72.81
Office—21-C " "	84.80
Pittsburgh Office	146.61

Interrogatory No. 3(b)

State the total dollar amount the company paid to all insurance organizations having jurisdiction over the various types of central station protection service for annual inspection services for each year from April 13, 1951 to date.

Answer to Interrogatory No. 3 (b):

Amounts paid by Holmes to Underwriters' Laboratories, Inc. to defray cost of reexamination services:

Year	Amount
1951 (6 Mo.)	$ 4,041.30
1952	9,760.40
1953	9,899.55
1954	14,025.00
1955	13,757.00
1956	13,656.00
1957	13,630.67
1958	13,404.58
1959	13,605.00
1960	14,355.00
1961	14,783.50
1962	14,933.00

[fol. 3126] The foregoing includes any sums paid for reexamination of central stations (currently $170.00 per station per year), devices and models, and includes also $1.00 annual fee paid for each outstanding certificate issued by Holmes under authority and on behalf of Underwriters' Laboratories, Inc. certifying that an electric protective installation complies with standards of Underwriters' Laboratories, Inc.

Interrogatory No. 4

Describe the policy or procedure of the company relating to the removal of central station protection systems from the subscriber's premises upon the termination or cancellation of protection service contracts (1) where the subscriber remains in the premises, and (2) where the subscriber moves to a new location. Also, furnish the following information:

Answer to Interrogatory No. 4

Where a subscriber remains in the premises and it is thought that discontinuance of service through termination or cancellation of the service contract will probably be only temporary or where the subscriber moves to a new location

and there is a likelihood of a new occupant of the premises desiring to contract for protective service, it is the general policy of Holmes to permit the protective equipment to remain intact. Otherwise, it is the general policy to remove such of its protective equipment as is reusable.

Interrogatory No. 4(a)

Has the company ever sold the central station protection system to the subscriber upon the termination of the central station protection contract? If so, state the number of such sales each year from January 1, 1957 to date.

Answer to Interrogatory No. 4(a)

Yes. In 1959 Holmes sold that part of 14 central station protective systems which could be converted to local alarm systems. In the same year, Holmes of Philadelphia made 7 similar sales.

[fols. 3127-3128] *Interrogatory No. 4(b)*

Has the company ever sold the protection system to another central station protection company upon the termination of the central station protection contract? If so, state the names of such protection companies and state the number of such sales each year from January 1, 1957 to date.

Answer to Interrogatory No. 4(b)

Yes. In 1958, Holmes sold one central station protective system to American District Telegraph Company.

Interrogatory No. 5

State the policy of the company relating to the collection of service charges for the unexpired period of the central station protection contract in the event the subscriber moves during the period of the contract and contracts for central station protection service with another central station protection company.

Answer to Interrogatory No. 5

Service charges for the unexpired period of the central station protection contract are waived if it is known that a new tenant has contracted or will contract for service at the vacated premises. Otherwise, it is the general policy of Holmes to bill the subscriber for 50% of the service charges for the unexpired contract term in cases of discontinuance within the first year of the term. However, such charge is generally waived where the subscriber discontinues service after the first year of the contract term.

Respectfully submitted, Noel E. Story, Hugh P. Morrison, Jr., Attorneys, Department of Justice.

Dated: January 29, 1964.

[fol. 3129] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 315

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

CIVIL ACTION No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

[illegible]NELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

DESIGNATION OF ANSWERS OF THE AUTOMATIC FIRE ALARM COMPANY OF DELAWARE TO INTERROGATORIES PROPOUNDED BY PLAINTIFF—Filed January 29, 1964.

Pursuant to the Order of the Court dated December 18, 1963, submitted herewith are answers of the Automatic Fire Alarm Company of Delaware to Interrogatories propounded by the Plaintiff upon which the Government will rely in its Case-in-Chief.

Interrogatories Propounded By Plaintiff on July 11, 1961

Interrogatory No. 1

State the full name of AFA, the date and state of its incorporation and the location of its principal places of business.

Answer to Interrogatory No. 1

The full name of AFA is Automatic Fire Alarm Company of Delaware. It was incorporated in October 1920, under the laws of the State of Delaware and has its principal place of business at 120 West 42nd Street, New York 36, New York.

Interrogatory No. 2

List the names and addresses of all officers and members of the board of directors of AFA and designate the position currently held by each official.

Answer to Interrogatory No. 2

The names and business addresses of all officers and directors, and positions currently held by each, of AFA and its subsidiaries are as follows:

[fol. 3130] *AFA:*

Thomas P. Drew, Director and President
120 West 42nd Street
New York 36, N. Y.

Frank J. Lehner, Vice President
120 West 42nd Street
New York 36, N. Y.

Alfred G. Seddon, Secretary and Treasurer
120 West 42nd Street
New York 36, N. Y.

Roger T. Clapp, Director
260 West Exchange Street
Providence 1, R. I.

James D. Fleming, Director
260 West Exchange Street
Providence 1, R. I.

Clarence H. Rison, Director
260 West Exchange Street
Providence 1, R. I.

Clifford G. Sherman, Director
2440 Dundas Street West
Toronto 9, Ontario, Canada

Automatic Fire Alarm Company:

Thomas P. Drew, Director and President
120 West 42nd Street
New York 36, N. Y.

Frank J. Lehner, Vice President
120 West 42nd Street
New York 36, N. Y.

F. Durward Chase, Vice President
61 Batterymarch Street
Boston 10, Mass.

Lawrence W. Thomason, Vice President
384 Bourse Bldg.
Philadelphia 6, Pa.

Alfred G. Seddon, Secretary and Treasurer
120 West 42nd Street
New York 36, N. Y.

Howard Caretto, Assistant Secretary
120 West 42nd Street
New York 36, N. Y.

Roger T. Clapp, Director
260 West Exchange Street
Providence 1, R. I.

James D. Fleming, Director
260 West Exchange Street
Providence 1, R. I.

[fol. 3131] Clarence H. Rison, Director
260 West Exchange Street
Providence 1, R. I.

Clifford G. Sherman, Director
2440 Dundas Street West
Toronto 9, Ontario, Canada

The Reeve Electrical Company, Inc.:

Thomas P. Drew, Director and President
120 West 42nd Street
New York 36, New York

Frank J. Lehner, Director and Vice President
120 West 42nd Street
New York 36, New York

Alfred G. Seddon, Director and Secretary-Treasurer
120 West 42nd Street
New York 36, New York

Interrogatory No. 4

List the names, the dates and states of incorporation and the location of the principal places of business of all subsidiaries of AFA.

Answer to Interrogatory No. 4

Automatic Fire Alarm Company was incorporated in April, 1880 under the laws of the State of New York as Watkins Automatic Signal Telegraph Company and was reincorporated in February, 1882 under the laws of the State of New York as Watkins Automatic Signal Telegraph Company, Limited. There was a series of changes of corporate name, the present name having been adopted in 1899. Its principal place of business is at 120 West 42nd Street, New York 36, N. Y.

The Reeve Electrical Company, Inc., is a subsidiary of Automatic Fire Alarm Company and was incorporated in 1926 under the laws of the State of New York. Its principal place of business is at 132-138 Lafayette Street, New York 13, N. Y.

Interrogatory No. 5

State the number of shares of voting stock that AFA holds in each of the companies set forth in answer to Interrogatory 4. State also the total number of voting shares which are outstanding for each of these companies.

[fol. 3132] *Answer to Interrogatory No. 5**

AFA holds 67,476 of 68,042 outstanding shares of voting stock in Automatic Fire Alarm Company (hereinafter referred to as "Automatic"). Automatic holds all 100 shares of the outstanding voting stock in The Reeve Electrical Company, Inc. (hereinafter referred to as "Reeve").

Interrogatory No. 13

State the total value of all protection devices and materials installed in subscribers' premises and in the central

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*Figures set forth in answer to this interrogatory are as of December 31, 1961.

stations of AFA in connection with central station protection service during the Company's last fiscal year.

Answer to Interrogatory No. 13

The total value of all protection devices and materials installed by the Company in its subscribers' premises and central stations during the Company's last fiscal year, January 1-December 31, 1960 was $179,450.96.

Interrogatory No. 14

State AFA's policy on the length of service time period for central station protection service contracts and supply the following information:

(a) The number of central station protection service contracts of five years duration in effect on January 1, 1961.
(b) The number of central station protection service contracts of less than five years duration in effect on January 1, 1961.
(c) The number of central station protection service contracts of more than five years duration in effect on January 1, 1961.

Answer to Interrogatory No. 14

It is the policy of the Company to negotiate for a five year service contract with its subscribers. Occasionally this is not possible or practical and infrequently a contract for less than five years is arranged.

Variations are created by short term leases subscribers have with their landlords. The Company always permits termination of the service contract with the termination of [fol. 3133] the subscriber's lease on the premises. Banks frequently must not commit themselves beyond a certain period. Trustees and executors frequently require special consideration. The same is true of city, state and other public authorities.

Further, the Company frequently inserts a cancellation privilege permitting termination prior to expiration of the five year period. Actually, the Company includes termination privileges whenever it is advised of a reason it deems justifiable.

(a) There were 5486 central station service contracts of five years duration in effect on January 1, 1961.
(b) There were 55 central station service contracts of less than five years duration in effect on January 1, 1961.
(c) There were 5 central station service contracts of more than five years duration in effect on January 1, 1961.

Interrogatory No. 15

Describe the policy of AFA with respect to allowing subscribers of central station protection service to pay the advanced service charge on an installment basis and supply the following information:

(a) The number of central station protection subscribers under contract on January 1, 1961, who were permitted to pay the advanced service charge on an installment basis.
(b) The total amount of all such advanced service charges.

Answer to Interrogatory No. 15

The policy of the Company with respect to allowing advance service charges to be paid on an installment basis is as follows: Whether or not such charges are paid on an installment basis is primarily a decision of the prospective subscriber. The Company's Sales Department is authorized to offer the installment basis if the matter becomes a subject of discussion and is desired by a prospective subscriber having a satisfactory credit rating. The policy of the Company is not one of permission, it is one of accommodation.

[fol. 3134] (a) As of January 1, 1961, 144 subscribers were paying advance service charges on an installment basis.
(b) As of January 1, 1961, the total outstanding amount of such advance service charges was $146,832.87.

Interrogatory No. 19

State the number of central station automatic fire alarm subscribers and sprinkler supervisory and waterflow alarm subscribers AFA has outside the corporate limits of New

York, New York; Boston and Charlestown, Massachusetts, and Philadelphia, Pennsylvania, and the date such subscribers signed the first central station protection contract with the Company.

Answer to Interrogatory No. 19

None.

Interrogatory No. 22

Explain AFA's procedure in handling central station protection service contracts from the time the sales representative obtains the signature of the subscriber until it is finally accepted by AFA and supply the following information:

(a) The positions of all Company officers or employees responsible for reviewing the terms of contracts and the name and position of the officer exercising the final authority over accepting or rejecting a contract.

(b) The required number of copies of the contract and the final destination of all copies of the contract.

(c) List, describe and state the form numbers of AFA forms required to be executed by sales representatives or field representatives in connection with each contract executed by the Company and the place where such executed forms are filed.

(d) Are payments for annual service charges and advanced service charges made to the subsidiary supplying the service or to the general office of the Company?

[fol. 3135] *Answer to Interrogatory No. 22*

After a subscriber executes a central station protection contract with Automatic Fire Alarm Company (herein referred to as the "Company") the sales representative submits it together with the required transmittal forms described below to his superior.

(a)

In Boston and Philadelphia the contract and forms are submitted, respectively, to F. Durward Chase and Lawrence Thomason, Vice Presidents, who review and accept or reject the contract.

In New York the contract and forms are submitted to the New York Sales Manager for review and he, in turn, submits same to Thomas P. Drew, President, who reviews and accepts or rejects the contract.

The procedure above described applies to both new and renewal contracts, except in New York where all renewal contracts are negotiated by the Commercial representative and are submitted by him to Mr. Drew for review and acceptance or rejection. In the absence of Mr. Drew, contracts obtained in New York are reviewed and accepted or rejected by Frank J. Lehner, Vice President.

Overall supervision is the responsibility of Mr. Drew and the Vice Presidents above mentioned consult with him before accepting contracts which are at variance with company policy.

(b)

Sprinkler supervisory and waterflow contracts obtained in New York are executed in quadruplicate. One executed copy is delivered to the subscriber; one is retained at the New York office of the Company; two are delivered to ADT in New York, if such company participates in the contract.

Other contracts obtained in New York are executed in duplicate. One executed copy is delivered to the subscriber; one is retained at the New York office of the Company.

Sprinkler supervisory and waterflow contracts obtained in Boston are executed in triplicate. One executed copy is [fol. 3136] delivered to the subscriber; one is retained in the Boston Division Office of the Company; one executed and one conformed copy are delivered to ADT; one conformed copy is delivered to the New York office of the Company.

Other contracts obtained in Boston are executed in triplicate. One executed copy is delivered to the subscriber; one is retained in the Boston Division Office of the Com-

pany; one is delivered to the New York office of the Company.

Sprinkler supervisory contracts obtained in Philadelphia are executed in triplicate. One executed copy is delivered to the subscriber; one executed copy is forwarded to the New York Office of the Company; one executed copy and one conformed copy are delivered to ADT; one conformed copy is retained in the Philadelphia Division Office of the Company.

Other contracts obtained in Philadelphia are executed in triplicate. One executed copy is delivered to the subscriber; one is delivered to the New York office of the Company; one is retained at the Philadelphia Division Office of the Company.

(c)

Form 77 is a contract transmittal report containing miscellaneous pertinent data with respect to the subscriber, the premises to be protected and the protection system.

Forms 110 and 401 are survey and requisition forms on which are listed the devices required to be installed on the subscriber's premises. While sales representatives are requested to attach form 110 to the contract prior to its acceptance by the Company, this form is usually prepared by the Enginneering Department.

Form 13 is a competition report.

Form 49 is a work order. On rare occasions this form is prepared by sales representatives.

Form 51 is a work order, almost identical to Form 49 and is used only in Philadelphia.

[fol. 3137] Form 97 consists of form letters for transmittal of executed contracts. This form is used only in connection with renewal contracts obtained in New York.

The places of filing of the aforesaid forms are as follows:

New sprinkler supervisory and waterflow contracts obtained in New York; forms 77 and 110 are filed at ADT in New York; forms 13, 77 and 110 are filed at the New York office of the Company.

Renewal sprinkler supervisory and waterflow contracts obtained in New York; forms 77 and 97 are filed at ADT in New York; forms 13, 77 and 97 are filed at the New York office of the Company.

Other contracts, new or renewal, obtained in New York: forms 13 and 77 are filed at the New York office of the Company.

New sprinkler supervisory and waterflow contracts obtained in Boston: forms 77 and 110 are filed at ADT in New York; forms 13, 77 and 110 are filed at the Boston office of the Company; forms 13 and 17 are filed at the New York office of the Company.

Renewal sprinkler supervisory and waterflow contracts obtained in Boston: forms 77 are filed at ADT in Boston; forms 13 and 77 are filed at the New York and Boston offices of the Company.

Other contracts obtained in Boston: forms 13 and 77 are filed in the New York and Boston offices of the Company.

Sprinkler supervisory and waterflow contracts obtained in Philadelphia: forms 77 are filed with ADT in New York, Philadelphia and Washington, and with the New York and Philadelphia offices of the Company; forms 401 are filed with ADT in New York and Philadelphia and with the New York and Philadelphia offices of the Company; forms 13 are filed with the New York and Philadelphia offices of the Company.

Other contracts secured in Philadelphia: forms 13, 51 and 77 are filed with the New York and Philadelphia offices of the Company.

(d)

[fol. 3138] Payments for annual service charges are ordinarily made to the New York office, but occasionally to the Boston and Philadelphia offices of the Company.

Interrogatory No. 25

State the total amount of all advanced service charges for central station protection service AFA contracted for during the Company's last fiscal year.

Answer to Interrogatory No. 25

Automatic Fire Alarm Company contracted for $162,599.87 in advance service charges during its last fiscal year.

Interrogatory No. 26

State separately the number of proprietary, auxiliary, remote station and local protective signaling systems AFA has installed and is maintaining and servicing, and furnish the following information:

(a) The total amount of service charges received from each type of protection system for each year from January 1, 1955, to December 31, 1960.

(b) Is title to the protection systems installed on the subscribers' premises retained by AFA?

(c) State the number of local, auxiliary, proprietary and remote station alarm systems AFA has installed and is maintaining and servicing within the corporate limits of each city where AFA operates a central station.

(d) Has AFA limited the area in which it will engage in auxiliary, proprietary, remote station and local protective signaling business? If so, explain the Company's policy with respect to such limitations of service.

[fol. 3139] *Answer to Interrogatory No. 26*

Over the years, the Company has sold and installed many local protective signalling systems but in only a very few instances has it been retained to maintain or service them. It is presently inspecting, testing, adjusting, maintaining and servicing 19 systems of the types mentioned in this interrogatory and is employed to inspect and test, but not to maintain and service, several signalling systems of the types mentioned:

Proprietary:	
New York	12*
Auxiliary:	
Boston	26**
Philadelphia	1
Local	
Boston	5

(a)

Revenue from the above systems is primarily derived from an inspection only contract. If the system requires maintenance work or prepairs, the customer usually issues a specific order for such work. However, in Boston 17 of the auxiliary systems and in New York 2 of the proprietary systems are owned by the Company and are therefore not only inspected but are fully maintained by it. The service charges are shown below:

	Proprietary	Auxiliary	Remote	Local
1955	$ 944.95	$5,017.10	—	$285.00
1956	1,382.95	5,157.10	—	285.00
1957	8,115.55	5,522.10	—	285.00
1958	8,502.95	5,572.10	—	285.00
1959	12,102.97	6,707.00	—	320.00
1960	15,633.42	7,533.00	—	320.00

* Includes two systems which the Company inspects and tests but does not maintain in service.

** Includes seventeen systems which the Company inspects and tests but does not maintain and service.

[fol. 3140]

(b)

None of the systems is owned by the Company except 2 proprietary systems in New York and 17 of the 26 auxiliary systems in Boston.

(c)

Answered *supra*, p. 14.

(d)

Geographically, their is no limitation except as dictated by business judgment.

Interrogatory No. 27

Are prices listed in AFA's Schedule of Basic Prices promulgated for use in all of the Company's central stations? If the answer to this Interrogatory is in the negative, describe the areas in which such prices are used.

Answer to Interrogatory No. 27

"Ceiling Prices" of Automatic Fire Alarm Company are used for all three of its central stations with the exception that "ceiling prices", dated July 1957, did not go into effect in New York.

Interrogatory No. 29

List all companies which engage or have engaged in the central station protection business which AFA attempted to purchase since 1925.

Answer to Interrogatory No. 29

Central Station Signals, Inc.

Interrogatory No. 31

State separately the name and address of each central station protection subscriber AFA has lost to ADT and Holmes in competitive bidding since January 1, 1960.

Answer to Interrogatory No. 31

None.

[fol. 3141] Additional Interrogatories Propounded By the Plaintiff on January 31, 1963

Interrogatory No. 2

State the address of each central station operated by the company in the United States which has not received any approvals from any of the insurance organizations having jurisdiction over the various types of central station protection service.

Answer to Interrogatory No. 2

None.

Interrogatory No. 3

State the reason why the company has made application to, and obtained approval of the insurance organizations having jurisdiction over the various types of central station protection service, and furnish the following information:

Answer to Interrogatory No. 3

This company made application to and obtained approvals of insurance organizations having jurisdiction

in order to have their approval and offer approved service to those subscribers who want such service.

Interrogatory No. 3(a)

State the cost to the company in obtaining approvals from the insurance organizations having jurisdiction over the various types of central station protection service for each central station since April 13, 1951.

Answer to Interrogatory No. 3(a)

Year	N. Y. Board of Fire Underwriters	Middle Dept. Association of Fire Underwriters, Phila.
1951	97.50	105.00
1952	90.00	95.00
1953	102.50	69.00
1954	115.00	215.00
1955	62.50	160.00
1956	106.50	45.00
1957	117.50	97.00
1958	142.50	94.00
1959	72.50	84.00
1960	-0-	125.00
1961	-0-	147.00
1962	-0-	162.00

[fol. 3142] In addition, in New York, the Factory Mutual Engineering Division of the Associated Factory Mutual Fire Insurance Companies inspected and approved AFA and charged and received $102.00.

Interrogatory No. 3(b)

State the total dollar amount the company paid to all insurance organizations having jurisdiction over the various types of central station protection service for annual inspection services for each year from January 1, 1959 to date.

Answer to Interrogatory No. 3(b)

March 1959—N.Y. Board of Fire Underwriters $286.12.

Interrogatory No. 4

State the total number of subscribers to central station watchman supervisory, manual fire alarm, automatic fire alarm, and sprinkler supervisory and water flow alarm service whose systems have been inspected and approved by the

insurance organizations having jurisdiction over the various types of central station fire protection services.

Answer to Interrogatory No. 4

To all intents and purposes almost all such systems have been approved. As to those which have not been approved, it is not that the system is not an approved system, it is because the system is a partial one, protecting only a portion of the property involved.

Interrogatory No. 6

State the number of "normal position" and "reverse position" contracts in effect on February 18, 1954, and on each succeeding January 1st to date, under any agreements between AFA and ADT and/or Grinnell in the cities of Boston and Charlestown, Massachusetts; New York, New York; and Philadelphia, Pennsylvania, and supply the following information under such agreement:

[fol. 3143] *Answer to Interrogatory No. 6*

Date	Normal Position	Reverse Position
2-18-54	2544	446
1- 1-55	2642	444
1- 1-56	2768	440
1- 1-57	2867	438
1- 1-58	2964	437
1- 1-59	3038	428
1- 1-60	3171	424
1- 1-61	3249	458
1- 1-62	3209	503

Interrogatory No. 6(a)

The total amount of revenue AFA collected under the "reverse position" contracts for each of the above years.

Answer to Interrogatory No. 6(a)

It should be noted that these figures include advance service charges, and that AFA books and records reflect only AFA's share of the total contract prices.

Year	Revenue
1954	$185,203.58
1955	187,848.64
1956	197,581.24
1957	204,962.30
1958	206,850.34
1959	209,941.18
1960	235,717.65
1961	257,988.32

Interrogatory No. 6(b)

The total amount of revenue AFA received from ADT under the "normal position" contracts for each of the above years.

[fol. 3144] *Answer to Interrogatory No. (6)*

Year	Revenue
1954	$529,407.25
1955	467,576.03
1956	506,207.62
1957	548,771.71
1958	567,502.09
1959	579,294.60
1960	595,073.18
1961	603,733.64
1962	623,876.82

Interrogatory No. 6(c)

The total amount of revenue derived from all protection contracts covered by any of the above-described agreements (and specify each such agreement), and the total amount received by each participating party for each of the above years.

Answer to Interrogatory No. 6(c)

It should be noted that these figures include advance service charges, and that AFA books and records reflect only AFA's share of the total contract prices.

Year	Revenue
1954	$1,413,514.86
1955	1,426,773.15
1956	1,543,188.28
1957	1,619,020.63
1958	1,699,359.03
1959	1,747,694.00
1960	1,793,348.99
1961	1,874,060.12

[fol. 3145] *Interrogatory No. 7*

Describe the policy or procedure of the company relating to the removal of central station protection systems from the subscriber's premises upon the termination of central station protection service contracts (1) where the subscriber remains in the premises and (2) where the subscriber moves to a new location.

Answer to Interrogatory No. 7

AFA does not have any policy or fixed procedure relating to the removal of central station protection systems from the subscriber's premises upon termination of central station service contracts which is dependent solely upon whether the subscriber remains in the premises or moves to a new location. A factor of importance is the reason for the termination of the service contract. If there exists any reasonable possibility that the subscriber will renew his contract in the foreseeable future, within a reasonable time, AFA will temporarily disconnect the system in the hope of effectuating an early renewal either with the same subscriber or, in the event that he has removed to a new location, with whomever may follow him into the vacated premises. If the situation and circumstances are such as to indicate that there exists no reasonable possibility of renewing the terminated service contract either with the same subscriber or another, AFA will remove and return to its

storage facilities all of its equipment which is reasonably salvageable.

Interrogatory No. 7(a)

Also, furnish the following information:

(1) Has the company ever sold the central station protection system to the subscriber upon the termination of the central station protection contract? If so, state the number of such sales each year from January 1, 1957 to date.

[fol. 3146] *Answer to Interrogatory No. 7(a)(1):*

1962—one

Interrogatory No. 7 (a) (2):

(2) Has the company ever sold the protection system to another central station protection company upon the cancellation of the central station protection contract? If so, state the names of such protection companies and state the number of such sales each year from January 1, 1957 to date.

Answer to Interrogatory No. 7(a) (2)

None

Interrogatory No. 8

State the policy of the company relating to the collection of service charges for the unexpired period of the central station protection contract in the event the subscriber moves during the period of the contract and contracts for central station protection service with another central station protection company.

Answer to Interrogatory No. 8

The policy of AFA relating to the collection of service charges for the unexpired period of the central station contract, in the event the subscriber moves during the period of the contract and contracts for central station protective service with another central service protection

company, is to make every reasonable effort to collect the service charges to which it is entitled. Some times, such a subscriber will arrange to assign the unexpired contract, with all of its rights and obligations, to the person who is moving into the premises which the subscriber is about to vacate. Some times, where, for example, such an assignment cannot be arranged, such a subscriber is, by mutual consent, charged 33⅓% of the outstanding balance on sprinkler contracts and 50% on the outstanding balance on automatic fire alarm contracts. In the occasional and rare instance where the subscriber's contract with AFA [fols. 3147-3148] is totally disregarded, AFA will seek, if necessary, in a Court of law to enforce its rights under the contract. As a matter of policy, AFA always keeps in mind and entertains the hope that even subscribers who move to another location during the period of contract and who contract for protection service with another protection company may in the future be amenable to renewing a contractual relationship with AFA.

Respectfully submitted, /s/ Noel E. Story, /s/ Hugh P. Morrison, Jr., Attorneys, Department of Justice.

Dated: January 29, 1964.

[fol. 3149] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 316

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

v.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

DESIGNATION OF ANSWERS OF THE GRINNELL CORPORATION TO INTERROGATORIES PROPOUNDED BY PLAINTIFF—Filed January 29, 1964.

Pursuant to the order of the Court dated December 18, 1963, submitted herewith are answers of the Grinnel Corporation to Interrogatories propounded by the Plaintiff upon which the Government will rely in the Case-in-Chief.

Interrogatories Propounded by Plaintiff on July 11, 1961

Interrogatory No. 1

State the full name of Grinnell, the date and state of its incorporation and the location of its principal place of business.

Answer to Interrogatory No. 1

For its answer to Interrogatory No. 1, defendant Grinnell states that its full name is Grinnell Corporation, that it was first incorporated under the name of General Fire Extinguisher Company under and by virtue of the laws of the State of New York on November 18, 1892, that it was reincorporated under the same name under and by virtue of the laws of the State of Delawere on May 3, 1923, that its

corporate name was changed to Grinnell Corporation by Charter Amendment on March 31, 1944, and that its principal place of business is at 260 West Exchange Street, Providence, Rhode Island.

• • • • • • •

[fol. 3150] *Interrogatory No. 6*

State the number of shares of voting stock that Grinnell holds in ADT, Holmes, and AFA. State also the total number of voting shares which are outstanding for each of these companies.

Answer to Interrogatory No. 6

For its answer to Interrogatory No. 6, defendant Grinnell states that the total number of voting shares which are outstanding and the number of shares of voting stock that Grinnell holds in ADT, Holmes and AFA, respectively, are as follows:

Company	Outstanding Voting Shares	Voting Stock Held by Grinnell
ADT	651,030	495,100
Holmes	31,200	31,200
AFA	61,895	55,176

Interrogatory No. 8

State the total number of automatic sprinkler systems Grinnell contracted to install in the United States each year from January 1, 1949, to January 1, 1961, and list the total amount the Company received from the installation of such automatic sprinkler systems each year from January 1, 1949, to January 1, 1961.

Answer to Interrogatory No. 8

For its answer to Interrogatory No. 8, defendant Grinnell states that the total number of automatic sprinkler systems Grinnell contracted to install in the United States and the total amount Grinnell received from the installations of such automatic sprinkler systems, respectively, in each year from January 1, 1949, to January 1, 1961, is as follows:

[fol. 3151]

Year	No. of Contracts[1] Closed (U.S.)	Finished Business[2] (U.S.)
1949	2,152	$18,062,850
1950	2,676	21,787,251
1951	2,650	31,944,590
1952	2,441	27,331,142
1953	2,890	27,990,519
1954	2,675	28,413,544
1955	2,871	31,412,076
1956	3,071	37,902,308
1957	3,045	31,632,588
1958	2,781	32,441,777
1959	3,315	35,297,013
1960	3,252	35,320,815

Note 1. The "No. of Contracts Closed (U.S.)" indicates the number of contracts *signed* in the given year for fire protection installations, including special hazards installations which are not necessarily strictly speaking automatic sprinker systems. It should be pointed out that a single contract may call for several independent sprinkler systems either in a single building or a related group of buildings comprising a plant or similar establishment.

Note 2. Grinnell records and books are kept on an accrual basis, so that as a sprinkler contract is completed the total price of the contract in question is recorded under the accounting classification "Finished Business" regardless of whether progress payments might have been collected in a previous year, and regardless of whether actual payment in full may not be received until a subsequent year. "Finished Business" includes so-called Day Work receipts, some of which were for repair and maintenance work. "Finished Business" is identical with the concept "Net Sales and Services to Customers" set forth and published in annual reports, except that the latter includes Canadian income.

Interrogatory No. 9

List the Company's competitors in the business of installing automatic sprinkler systems and the approximate ranks held by each company in terms of percentage of sales in the United States and the source of such information.

[fol. 3152] *Answer to Interrogatory No. 9*

For its answer to Interrogatory No. 9, defendant Grinnell states upon information and belief that its competitors in the business of installing automatic sprinkler systems include the following:

"Automatic" Sprinkler Corporation of America
Youngstown, Ohio

Central Automatic Sprinkler Company
Lansdowne, Pennsylvania

H. G. Vogel Company
Ridgefield, New Jersey

Globe Automatic Sprinkler Company
(Division of Fyr-Fyter Co.)
Newark, New Jersey

Fire Protection Company
Chicago, Illinois

P. Nacey Company
Chicago, Illinois

Raisler Sprinkler Division of Raisler Corporation
New York, New York

The Viking Corporation
Hastings, Michigan

Rockwood Sprinkler Company
Division of The Gamewell Company
Worcester, Massachusetts

Crowder Bros.
St. Louis, Missouri

Most of the companies named, and, in addition thereto, the following four companies, C.S.B. Sprinkler Company, Laconia, N. H., Hodgman Manufacturing Company, Taunton, Mass., Reliable Automatic Sprinkler Co., Inc., Mount Vernon, N. Y., and Star Sprinkler Company, Philadelphia, Pa., manufacture and sell sprinkler equipment to independent sprinkler contracting companies which install sprinklers and sprinkler systems. Grinnell estimates there are in the United States in excess of 300 such independent sprinkler contracting companies.

Defendant Grinnell further states for its answer to Interrogatory No. 9 that it has no information sufficient to [fol. 3153] form a belief as to the rank held by each of the above-named companies, other independent sprinkler contracting companies, and Grinnell in terms of percentage of sales in the United States, except that defendant Grinnell believes itself to be the largest manufacturer and installer of sprinkler equipment in the United States, and the "Automatic" Sprinkler Corporation of America, Youngstown, Ohio to be the second largest.

Interrogatory No. 13

State separately the total dollar amount of protection devices furnished by Grinnell for each year from January 1, 1949, to date to ADT, AFA and the Rhode Island Electric Protection Company.

Answer to Interrogatory No. 13

For its answer to Interrogatory No. 13 defendant Grinnell states that all of the protection devices manufactured or assembled each year from January 1, 1949, to date, as set forth in its answer to Interrogatory No. 12, and in particular to paragraph (a) thereof, were furnished ** to ADT, AFA and Rhode Island Electrical Protective Company, hereafter called RIEP, and further states that insofar as its records indicate the total dollar amount of protection devices furnished by Grinnell to ADT, AFA and RIEP, is as follows:

	Amount Sold[1]		
Year	To ADT	To AFA	To RIEP
1952	$150,230.00	$1,320.35	$ 273.76
1953	157,931.81	2,049.28	2,167.86
1954[2]	280,089.81	3.205.34	2,813.27
1955	293,894.35	634.39	1,142.02
1956	276,442.30	2,005.87	920.75
1957	319,740.87	3,676.18	1,384.13
1958	320,870.94	2,482.04	1,720.60
1959	289,502.68	1,690.64	1,936.49
1960	173,407.46	3,731.61	1,157.86
1961 (to July 1)[3]	100,938.75	3,040.36	300.35

** The concept "protection devices furnished" Grinnell has herein in all cases interpreted to mean either (1) "protection devices sold", (2) "protection devices supplied and installed in premises of subscribers of ADT, AFA or RIEP under contracts entered into in respect of the agreements listed in paragraphs (a), (b) and (c) of Interrogatory 18, and to which devices Grinnell retained title as provided in such agreements", or (3) "protection devices supplied as Replacement Devices as provided in the sale agreements attached hereto as Exhibits E and F", and no other meaning.

Year	Amount Otherwise Furnished[1] ADT, AFA, RIEP[5]	ADT and AFA[6]	RIEP[7]
1952	$ 188,428		
1953	78,359		
1954	65,019		
1954 (after February 18)		$ 21,711.45	
1955		24,208.85	$3,481.45
1956		19,912.04	666.75
1957		23,669.17	387.83
1958		22,336.90	1,095.29
1959			523.38
1959 (prior to February 18)		11,470.20	
1960			683.28
1961 (to July 1)[3]			52.13

1. There are no records of sales prior to July 1, 1952. Values are stated at selling price.

2. The figures stated in this answer do not include the receipts by Grinnell under the device sale agreements in effect as of February 18, 1954 set forth in the answer to Interrogatory 18 and in particular to paragraph (2) thereof.

[fol. 3155]

3. Grinnell fiscal records are kept by quarters, so that figures given for 1961 are complete only to July 1, 1961, the end of the second quarter.

4. Values stated are at standard cost of protection devices manufactured or assembled for the period indicated, which, apart from variations between book and actual inventory, and occasional temporary variations in the level of inventory maintained, correspond to standard costs of protection devices otherwise furnished to one or more of ADT, AFA or RIEP.

There are no records available showing the breakdown of amounts otherwise furnished among ADT, AFA and RIEP for the period prior to 1955, and none showing the breakdown between ADT and AFA for the subsequent period. Values shown for "ADT, AFA, RIEP" are computed by deducting the equivalent standard cost of the total "Amount Sold", *supra*, from the total amount manufactured or assembled in the year in question as set forth in the answer to Interrogatory No. 12 in paragraph (a) thereof, disregarding the factor of merchandise returned, using book rather than actual inventories, and assuming an average markup of 50% and the equivalence of annual production to current demand.

5. Values shown under "ADT, AFA, RIEP" are for protection devices supplied and installed under the agreements referred to in Interrogatory 18 in paragraphs (a), (b) and (c) thereof; no devices were supplied or installed under such agreements after February 18, 1954.

6. Values shown under "ADT & AFA" are for protection devices supplied to ADT and AFA for repair or replacement under the device sale agreements of February 18, 1954, Exhibits E and F hereof. Grinnell ceased to have any obligation to supply replacement devices under these agreements on February 18, 1959.

7. Values are stated at standard cost assuming a 50% markup in contract prices.

Interrogatory No. 14

Did Grinnell furnish protection devices to any individual, partnership, corporation or other person engaged in the central station protection business other than ADT, AFA and the Rhode Island Electric Protective Company from January 1, 1949, to January 1, 1961? If the answer to

this Interrogatory is in the affirmative, supply the following information:

(a) The names and addresses of te parties to whom protection devices were furnished.

(b) The amount received by Grinnell from the sale of protection devices for each year from January 1, 1949, to January 1, 1961.

[fol. 3156] *Answer to Interrogatory No. 14*

For its answer to Interrogatory No. 14, defendant Grinnell states that it did not furnish protection devices to any individual, partnership, corporation or other person engaged in the central station protection business other than ADT, AFA and RIEP from January 1, 1949 to January 1, 1961.

Interrogatory No. 18

State separately the total amount of revenue Grinnell received from central station protection contracts covered by the following agreements each year since January 1, 1949, for the agreements listed in (a) and (b) below, and since March 29, 1954, for the agreement listed in (c) below:

(a) Agreement dated April 29, 1907, between General Fire Extinguisher Company, Automatic Fire Protection Company and American District Telegraph Company.

(b) Agreement dated April 29, 1907, between General Fire Extinguisher Company, American District Telegraph Company, Automatic Fire Protection Company, Automatic Fire Alarm Company, Boston Automatic Fire Alarm Company and Consolidated Fire Alarm Company;

(c) Agreement dated March 29, 1954, between Grinnell, American District Telegraph Company and the Rhode Island Electric Protective Company.

In the answer to this Interrogatory, supply also the following information:

(1) State separately the number of sprinkler supervisory and waterflow alarm actuating devices

Grinnell owned under each agreement at the end of each year since January 1, 1949, for the agreements listed in (a) and (b) above, and since March 29, 1954, for the agreement listed in (c) above.

(2) If Grinnell has sold any sprinkler supervisory and waterflow alarm actuating devices furnished under any agreement listed above, supply the terms of the sales agreement, and the amount received for the actuating devices.

[fol. 3157] (3) If Grinnell has purchased any sprinkler supervisory and waterflow alarm actuating devices from any parties to the above agreements, state the terms of the purchase agreements, and the amount paid for the actuating devices.

(4) State separately the number of sprinkler supervisory and waterflow alarm service contracts Grinnell had an interest in under each agreement listed above at the end of each year since January 1, 1949, for the agreements listed in (a) and (b) above, and since March 29, 1954, for the agreement listed in (c) above.

Answer to Interrogatory No. 18

For its answer to Interrogatory No. 18, defendant Grinnell states that the total amount of revenue Grinnell received from central station protection contracts entered into by reference to the agreements listed in Interrogatory 18, paragraphs (a) and (b), since January 1, 1949, and by reference to the agreement listed in Interrogatory 18, paragraph (c), since March 29, 1954, are as follows:

Year	From ADT	From AFA	From RIEP
1949	$1,396,732.81	$54,189.47	—
1950	1,550,089.22	57,894.66	—
1951	1,745,518.18	61,657.60	—
1952	1,959,901.26	69,771.86	—
1953	1,999,814.20	59,580.21	—
1954*	622,219.79	20,689.65	—
1954 (since 3/29/54)			$ 5,829.60
1955	23,621.24	159.37	15,601.92
1956	13,519.86	none	19,659.29
1957	12,930.56	none	16,661.64
1958	28,801.41	none	14,603.70

[fol. 3158]

Year	From ADT	From AFA	From RIEP
1959	$ 17,136.15	None	$16,640.68
1960	14,617.34	None	18,830.31
1961 (to (7/1/61)**	4,596.24	None	14,482.02

* Receipts by Grinnell from ADT and AFA since Febryary 18, 1954 in respect of the agreements listed in Interrogatory 18 in paragraphs (a) and (b) thereof are derived from service contracts which were closed by ADT or AFA prior to February 18, 1954, but in which installation was completed subsequently, at which time the advanced service charge was collected and 25% thereof paid out to Grinnell; Grinnell has not participated in annual service charges for the period after February 18, 1954.

** Grinnell fiscal records are kept by quarters, so that the figures given for 1961 are complete only to July 1, 1961, the end of the second quarter.

18 (1). For its further answer to Interrogatory No. 18, and in particular to paragraph (1) thereof, defendant Grinnell states that the number of installed sprinkler supervisory and waterflow actuating devices owned by Grinnell at the end of each year since January 1, 1949, for both of the said agreements referred to in Interrogatory No. 18, paragraphs (a) and (b), as well as the number of such devices installed owned by Grinnell for the agreement referred to in Interrogatory No. 18, paragraph (c), are as follows:

Year	ADT-operated Contracts*	AFA-operated Contracts*	RIEP**
1949	93,971	2,906	--
1950	100,138	3,097	—
1951	106,316	3,288	—
1952	111,630	3,452	—
1953	117,573	3,636	—
1954 (February 18)	120,859	3,742	—
1954 (Year End)	None	None	550
1955	None	None	627
1956	None	None	682
1957	None	None	715
1958	None	None	759
1959	None	None	781

[fol. 3159]

Year	ADT-operated Contracts*	AFA-operated Contracts*	RIEP
1960	None	None	792
1961 (July 1)*	None	None	792

* Grinnell does not have sufficient records to indicate which contracts are referable to each of the agreements listed in Interrogatory 18 in paragraphs (a) and (b) thereof. The total number of devices and the total number of contracts then in force were determined at the termination of the agreements, February 18, 1954; the figures given for 1949 through 1953 are determined by projecting the proportional relationship thus determined against the number of contracts in force at the end of each year as set forth in the answer to Interrogatory 18, and in particular, in paragraph (4) thereof.

** Figures stated for RIEP are estimated by projecting the proportional relationship determined for ADT and AFA as set forth in the preceding note against the number of contracts serviced by RIEP at the end of each year as set forth in the answer to Interrogatory 18, and in particular, in paragraph (4) thereof.

18 (2). For its further answer to Interrogatory No. 18, and in particular to paragraph (2) thereof, defendant Grinnell refers to the sales agreements between Grinnell and ADT and Grinnell, ADT and AFA, dated as of February 18, 1954, Exhibits E and F, which are attached hereto and incorporated in and made a part hereof, and states that the amounts received under the said sales agreements from the date thereof to July 1, 1961, are as follows:

Year	From ADT	From AFA
1954	$1,114,105.34	$41,411.03
1955	1,403,796.03	51,302.60
1956	1,371,780.11	50,303.64
1957	1,334,339.35	49,805.56
1958	1,294,009.96	48,646.41
1959	1,257,722.45	47,529.19
1960	1,197,325.95	45,237.34
1961 (to July 1)*	703,114.96	29,785.08

* Grinnell fiscal records are kept by quarters, so that the figures given for 1961 are complete only to July 1, 1961, the end of the second quarter.

[fol. 3160] *Answer to Interrogatory 18 (3)*

18 (3). For its further answer to Interrogatory No. 18, and in particular to paragraph (3) thereof, defendant Grinnell states that it purchased from various subsidiaries of ADT certain installed sprinkler supervisory and waterflow alarm actuating devices on December 29, 1952, and again in December, 1953, at a total price of $880,938.16; the terms of the agreement were cash against delivery of bills of sale.

18 (4). For its answer to Interrogatory No. 18, and in

particular to paragraph (4) thereof, defendant Grinnell states that it had no interest in any sprinkler supervisory and waterflow alarm service contracts under any of the agreements listed in paragraphs (a), (b) and (c) of Interrogatory 18 at the end of any year since January 1, 1949, or since March 29, 1954, but that it has supplied and installed protection devices in the premises of subscribers of ADT, AFA or RIEP, to which devices it retained title, under subscriber contracts entered into in respect of the aforesaid agreements, as follows, for the period indicated:

Year-end	ADT and AFA*	RIEP
1949	8,807	
1950	9,393	
1951	9,964	
1952	10,462	
1953	11,019	
1954 (February 18)	11,315	
1954	—	50
1955	—	57
1956	—	62
1957	—	65
1958	—	69
1959	—	71
1960	—	72
1961 (July 1)**	—	72

[fol. 3161]

* Grinnell does not have records sufficient to indicate the number of sprinkler supervisory and waterflow alarm contracts entered into in respect of each of the new agreements listed in Interrogatory 18, paragraphs (a) and (b) thereof. On February 18, 1954, the date of termination of the said agreements, the number of contracts operated by each was: ADT:10,871; AFA:444; or a total of 11,315.

** Grinnell fiscal records are kept by quarters, so that the figures given for 1961 are complete only to July 1, 1961, the end of the second quarter.

Interrogatory No. 21

List separately the number of central station protection subscribers that Grinnell agents, representatives or employees secured for ADT, AFA and Holmes each year from January 1, 1954, to date, and the amount in commissions Grinnell paid such agents, representatives or employees each year from January 1, 1954, to date.

Answer to Interrogatory No. 21

For its answer to Interrogatory No. 21, defendant Grinnell states that its agents, representatives or employees have secured no subscribers to central station protection for ADT, AFA, or Holmes in any year from January 1, 1954, to date except to the extent that in respect to ADT only, and in respect to central station sprinkler supervisory and waterflow alarm service only, if an agent, representative or employee of Grinnell recommends such service and such recommendations are reported to the home office of Grinnell, and if ADT subsequently secures a service contract with the subscriber to whom a recommendation was made by a Grinnell employee, a commission is paid to the Grinnell employee making such recommendation. The only Grinnell records in regard to recommendations related to such service and only with respect to the period from July 1, 1954, show the following:

[fol. 3162]

Year	Number of SS & WFA Service Contracts closed by ADT with respect to which commissions were paid by Grinnell to Grinnell salesmen	Number of "recommendations" where no service contract was closed by ADT	Gross Commissions paid
1954	20	148	$1,745.09
1955	53	129	5,185.25
1956	71	104	7,236.40
1957	41	127	4,650.17
1958	48	125	6,454.52
1959	36	96	4,786.45
1960	37	130	3,139.59
1961 (to date)	19	104	1,827.20

Note: The figures stated as to the total number of unsuccessful recommendations include an undeterminable number of instances wherein there have been two or more recommendations over a long period of time to the same customer.

Additional Interrogatories Propounded By the Plaintiff on January 31, 1963

Interrogatory No. 1

Furnish the following information with respect to the agreement dated March 29, 1954 between Grinnell, ADT and the Rhode Island Electric Protective Company:

(a) The total cost to Grinnell in performing its obligations under the agreement for each year from 1954

to date and state the methods utilized to derive the figures.

(b) The total amount Grinnell received from the Rhode Island Electric Protective Company for each year from 1954 to date as its share of the installation charges (advanced service charges) under the agreement.

[fol. 3163] (c) Did Grinnell furnish any data to the Rhode Island Electric Protective Company which was used in the determination of installation charges? If so, describe the data which was furnished.

(d) The total dollar amount Grinnell received from the Rhode Island Electric Protective Company for each year from 1954 to date as its share of the annual service charges under the agreement.

(e) Does Grinnell manufacture the devices it is obligated to furnish under the agreement? If not, where are the devices obtained?

(f) Has Grinnell's share of the annual service charges and installation charges been reduced when the Rhode Island Electric Protective Company contracted to provide central station protection service at rates less than the rates established by the American District Telegraph Company as called for in the agreement?

Answer to Interrogatory No. 1

For its answer to Additional Interrogatory 1, defendant Grinnell states with respect to the agreement dated March 29, 1954 between Grinnell, American District Telegraph Company ("ADT") and the Rhode Island Electric Protective Company ("RIEP"):

(a) The total cost to Grinnell in performing its obligations for each year from 1954 to date is estimated to have been the following:

Year	Cost
1954	$1,440.54
1955	4,615.02
1956	6,894.41
1957	3,666.68
1958	4,170.08
1959	2,843.66
1960	3,753.35
1961	3,882.42
1962	9,914.68

[fol. 3164] Grinnell's presently available records are insufficient to provide exact figures on every element of cost involved in the performance of its obligations under the said agreement, but the above figures are Grinnell's best estimates from available records. They include the following costs with respect to protection devices furnished and installed by Grinnell: (a) the cost of labor at payroll cost plus 13% for construction overhead, (b) the purchase price of protection devices purchased by Grinnell from ADT, (c) the estimated cost of devices made by Grinnell, and (d) actual out-of-pocket expenses. With respect to devices sold to RIEP under clauses "Fifth" and "Seventh" of the said agreement, cost was estimated by assuming an average markup of 25% and deducting that amount from the purchase price.

(b) Grinnell's books of account or other records do not differentiate between receipts referable to installation charges (advance service charges) and those referable to annual service charges. However, Grinnell has answered

this and related interrogatories to the best of its ability by consulting its records of individual RIEP service contracts furnished to Grinnell, which contain the advance service charge. It has been assumed, for the purpose of this response, that with respect to any installation contracted for by RIEP in a given year the advance service charge was collected in full from the subscriber, and Grinnell's percentage of the same was remitted, in the same year. On the basis of these assumptions, the total dollar amount Grinnell received from RIEP for each year from 1954 to date as Grinnell's share of the installation charges (advance service charges) under said agreement was:

Year	Amount
1954	$ 262.50
1955	10,534.00
1956	1,633.75
1957	1,375.00
1958	2,300.00
1959	2,274.00
1960	1,711.75
1961	1,468.75
1962	7,167.75

[fols. 3165-3166] (c) Grinnell has furnished no data to RIEP for use in the determination of installation charges.

(d) The total dollar amount Grinnell received from RIEP for each year from 1954 to date as its share of the annual service charges under said agreement was:

Year	Amount
1954	$ 5,567.10
1955	5,067.92
1956	18,025.54
1957	14,286.64
1958	12,303.70
1959	14,366.68
1960	17,118.56
1961	18,425.88
1962	15,555.37

These figures were arrived at by deducting the amounts reported under 1(b) above from Grinnell's total receipts under clause "Eighth" of said agreement. To the extent that, by reason of the assumptions stated in response to Additional Interrogatory 1(b), the amounts stated in said response may be inaccurate, the above figures would be correspondingly inaccurate.

(e) Grinnell does not now manufacture the devices it is obligated to furnish under said agreement. It obtains them by purchase from ADT.

(f) Grinnell is not informed and does not know whether or not with respect to any service contracts secured by RIEP the annual service charges or installation charges are less than the rates, if any, established by ADT. In any event, Grinnell receives its share based on the actual service charge or installation charge paid by the subscriber.

Respectively submitted, /s/ Noel E. Story, /s/ Hugh P. Morrison, Jr., Attorneys, Department of Justice.

Dated: January 29, 1964.

[fol. 3167] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 317

Filed: April 13, 1961

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff

vs.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

DEPOSITION OF GEORGE F. ALLEBACH, SR., INSURANCE RATING BUREAU OF THE DISTRICT OF COLUMBIA, WOODWARD BUILDING, WASHINGTON 5, D. C.

Page 2

Examination by counsel on behalf of plaintiff.

By Mr. Story:

Q. Mr. Allebach, state your full name and home address please, sir.

A. George F. Allebach, Sr., 3450 Toledo Terrace, Hyattsville, Maryland, Apartment 209.

Q. What is your present employment, Mr. Allebach?

A. I am Assistant Manager and Chief Engineer for the Insurance Rating Bureau of the District of Columbia.

[fol. 3168] Q. How long have you been employed by the Insurance Rating Bureau, the District of Columbia?

A. I started employment there in 1945, November 1945.

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Q. What was your position when you first started working for the Rating Bureau?

A. Chief Engineer.

Q. And since that time you have served in the capacity of Chief Engineer; is that correct?

A. That's right.

Q. And there came a time later when you assumed the title of Assistant Manager?

A. That's right.

Q. Mr. Allebach, would you briefly describe for us on the record the organization of the Rating Bureau? What kind of an organization is it?

Are you incorporated—that will give you——

A. The organization is a membership of stock and mutual fire insurance companies who write fire insurance and other allied lines in the District of Columbia.

Q. Who supports the activities of the Rating Bureau?

A. All of the companies.

Q. Are the companies assessed a certain amount for being a member of the Rating Bureau?

[fols. 3169-3170] A. That is right. They have an assessment each year. We figure an assessment based upon a budget and each company is assessed on that basis.

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Their assessment is based on the amount of premium they write in the District of Columbia for the previous year. Some companies do not write sufficient amounts to use the assessment, so they are assessed under the rate of $50 a year.

* * * * * * *

[fol. 3171] Q. Now, Sir, would you briefly describe for us what the Rating Bureau does, what your function is and what you do?

A. The Rating Bureau operates to promulgate rates. It issues rules to cover the writing of fire, extended coverage and allied lines coverages. It makes inspections, promulgates specific rates as well as minimum rates.

They set up forms that are being used to write the different contracts also over which we have jurisdiction.

Q. Now, sir, are the activities of the Rating Bureau of the District of Columbia supervised or regulated by any governmental body?

A. The entire operation is regulated by the Superintendent of Insurance for the District of Columbia; Mr.

Jordan is the Superintendent of Rates, Forms, any dispositions which we have to be sent out to our membership must first be approved or filed with the Superintendent.

Q. Now, sir, does the Rating Bureau of the District of Columbia engage in any activities relating to protective signaling systems utilized by property owners here in the District of Columbia?

[fol. 3172] Page 7

A. Would you repeat that question?

Q. Does the Rating Bureau engage in any activities here in the District of Columbia relating to protective signaling systems utilized by the property owners here in the District?

A. Yes, we do.

Q. Would you briefly describe the duties that the Rating Bureau undertakes in that regard?

A. The protective systems, alarm systems in the District of Columbia are installed in accordance with regulation of the National Board of Fire Underwriters and the National Fire Protection Association which are used by the Bureau to determine if the installation is standard.

Upon inspection, the rate is granted or credit is granted or not depending on whether or not the regulations have all been met in a satisfactory manner.

Q. In connection with that activity, has the Rating Bureau approved any protection company within the District of Columbia to provide accredited protective signaling systems here in the District?

A. Yes, sir. There are two companies which have been approved. I might mention that the first company that was approved prior to the organization of the present Bureau. That is, prior to 1944. So that I

[fol. 3173] Page 8

have no record of the actual time they were established or approved.

I do, however, know that the Federal Engineering Company was approved as a central station on July 17, 1953.

Q. And as far as the American District Telegraph Company is concerned, you know that they were approved as of 1944; is that correct?

A. That's right. That's correct.

Q. Now are there any other companies which have been approved to conduct accredited central station service in the District?

A. No.

Q. Are there any other companies which have been approved to conduct any other type of protective signaling service in the District of Columbia?

A. No.

Q. Now, sir, would you tell us——

Mr. Williams: Just one second, Mr. Story. I assume that all your questions are relating to the field of fire protection because this witness doesn't have anything, insofar as I understand it, to do with the possibility of companies being protected against burglary.

Mr. Story: I think he stated that before, that his

[fol. 3174] Page 9

organization deals only in fire protection but I'll straighten that out on the record.

Mr. Williams: Okay.

By Mr. Story:

Q. Mr. Allebach, does the Rating Bureau of the District of Columbia engage in any activities other than in the field of fire insurance operations?

A. Wait until I think about it for a minute.

We do have under our system what we call a home owner's policy and that policy is what they call a package policy which includes theft, burglary and that sort of thing. We also have in our jurisdiction commercial property coverages. We have this special multi-peril policy coverages which also includes credit for burglary and that sort of thing which changes the picture somewhat to what we did have a number of years ago when it was just a straight fire and allied lines policy.

Q. But with that additional activity in the burglary alarm field which you have just stated, has the Rating Bureau approved any other companies other than the two you have named to conduct that type of protective service?

A. No. In fact, the two companies use their facilities for burglary protection as well as the do fire and so forth.

[fol. 3175] Page 10

Q. Mr. Allebach, would you briefly describe for us what a protection company has to do in order to obtain the approval of the Rating Bureau?

A. Well, in the first place, they must set up a control station supervisory service covering fire protection. This service is not approved until the company provides certain standards or requirements covered under our pamphlet 71, 72 and 72C. These requirements are very carefully investigated by the National Board of Fire Underwriters and the local Bureau.

They have been called upon to visit Washington to approve the set up. On the basis of their report and their recommendations which were all complied with, the approval of the central station was given.

Q. In connection with the seeking of approval, do these companies submit an application to your rating organization?

A. They do.

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[fol. 3176] Q. Does the Rating Bureau actually prior to the time that approval is granted inspect the physical set up of the central station?

A. Yes.

Q. And in connection with that inspection, you ascertain whether or not the standards set up by the National Board of Fire Underwriters and your own local requirements are met.

A. That is right.

Q. Now, sir, after approval has been granted to these protection companies operating in the District of Columbia, does the Rating Bureau thereafter inspect various alarm systems which have been installed by these companies?

A. That is right. Each time a system has been installed the installing company notifies the Bureau, the Bureau conducts an inspection and grants credit.

Q. Do you personally inspect some of these systems, sir?

A. Not in the last five or six years. Mr. Shaffer does the inspection work. That is under his jurisdiction.

. . . . . .

[fol. 3177] Q. When an alarm company has installed an alarm system, how is the Bureau notified that they want the system inspected for burglary?

A. The installing company notifies the Bureau and if he doesn't, the agent who handles the insurance notifies the Bureau.

. . . . . .

Q. Now taking us back to the time when you yourself actually physicially inspected the systems, did you from time to time find that certain alarm systems did not meet your specifications?

A. Yes.

[fol. 3178] Page 13

Q. What action does the Rating Bureau take when you find that an alarm system does not meet all of your requirements?

A. We immediately, after inspection, contact the parties involved, the assured, the agent and the installing company and submit a list of recommendations which must be complied with in order to meet the necessary standards.

Q. Now if the alarm system does meet your standards, in what way does the Bureau notify the alarm company that the alarm system has received approval?

A. We notify the alarm company immediately that the system is satisfactory.

We also then contact the agent and the assured, telling them that their rate will be reduced as of a given date. The effective date would therefore be the date that the installation was approved.

Q. Now is that done by a way of a letter or a telephone conversation or how do you notify the alarm companies?

A. Well, the alarm company generally has a man on duty at the time that we are there to go over any of the

details of the system and usually it is a verbal request. If they want anything more definite than that, we write letters.

[fol. 3179] Page 14

Q. And you have written letters to them from time to time?

A. Oh, yes, we have.

Q. Now in connection, Mr. Allebach, with this inspection on a property owner's premises, what do you actually look for when you get out there?

A. Well, we look for the incoming lines. We look for the controls that they might have. We look for the coverage of the system, what rooms it covers, how it covers them, what the length of the loop is and so on and so forth. In connection with the installation, we look for the signaling and then we actually test it. We actually break contact or check some of the things in their system which will prove to us that it is centrally controlled and that it is in accordance with standards.

If we find anything that isn't correct, we immediately notify the man who represents the company who is with us generally on the inspection and if necessary, we will make up a formal request for change or any recommendation made.

Q. Do you also check to see that the devices used in this system have been approved?

A. That is right. We check all devices. The fact is, we look into every piece of equipment that they have.

[fol. 3180] Page 15

Q. Now, sir, what organization approves the protective devices which you require to be installed on the property owner's premises?

A. The Underwriters Laboratory, Incorporated.

Q. And does the Underwriters Laboratory from time to time publish lists of protective signaling equipment which has been approved?

A. They do.

Q. Could you tell us the title of that publication, sir?

A. The title of the publication is "Fire Protection Equip-

ment List", the latest of which is January 1963 and also the "Electrical Construction Materials List", of May 1963.

• • • • • • •

[fol. 3181] A. Government Exhibit 1, edition 8/26/63, is "Standard of the National Board of Fire Underwriters For the Installation, Maintenance and Use of Proprietary, Auxiliary and Local Protective Signaling Systems for Watchman, Fire Alarm and Supervisory Service," as recommended by the National Fire Protection Association.

This is NBFU No. 72.

Q. Now, sir, would you describe on the record Government Exhibit No. 2.

A. Government Exhibit 2, edition, 8/26/63, NBFU No. 72C,

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is the "Standard of the National Board of Fire Underwriters For the Installation, Maintenance and Use of Re-[fol. 3182] mote Station Signaling Systems for Watchman, Fire Alarm and Supervisory Service," as recommended by the National Fire Protection Association.

Government Exhibit No. 3—I've got these dates wrong. The dates should all be July 1963 with the exception of NBFU No. 72C which is June 1960. The NBFU No. 71 is a "Standard of the National Board of Fire Underwriters for the Installation, Maintenance and Use of Central Station Protective Signaling Systems for Watchman, Fire Alarm and Supervisory Service," as recommended by the National Fire Protection Association.

Q. Now, sir, in addition to Government Exhibits 1, 2 and 3, has the Rating Bureau of the District of Columbia promulgated any additional standards for the installation, servicing and maintenance of protective signaling systems?

A. No, they have not.

Mr. Story: Off the record.

(Discussion off the record.)

The Witness: Well, yes. The Insurance Rating Bureau of the District of Columbia have promulgated in their rule book the following clauses which apply to central station protective signaling systems.

[fol. 3183] Page 18

Q. Now before you describe that, sir, let's have the Court Reporter mark that Government Exhibit No. 4.

(The document referred to above was marked as Government Exhibit No. 4 for identification.)

Mr. Story: And the other regulation that you have there will be Government Exhibit No. 5.

(The document referred to above was marked as Government Exhibit No. 5 for identification.)

By Mr. Story:

Q. Now, sir, would you briefly describe Government Exhibit No. 4 for us? Tell us generally what it is rather than to——

A. Government Exhibit No. 4 includes the rule book change which was made for the credits allowable for the installation of automatic fire alarm systems and automatic sprinkler clauses which include credit for automatic sprinkler supervisory service.

"An allowance of 20 percent may be granted from building or contents rates before faults of management charges are added for protection of the premises by an approved Central Stations Protective Signaling System."

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The exception is: "For credit from rates for risks equipped with automatic sprinklers, see Schedule for Rating Sprinklered Risks."

[fol. 3184] And I think you can make this Exhibit No. 6 or whatever you want to call it.

* * * * * * *

By Mr. Story:

Q. Mr. Allebach, would you describe in the record Government Exhibit 6?

A. Government Exhibit No. 6 is a Schedule for Rating Sprinklered Risks. The installation of the sprinkler supervisory service is reflected in this Schedule for grading auto-

matic sprinkler protection as a part of the rating for sprinklered risks schedule.

Q. Now, sir, do Government Exhibits 1 through 6 comprise all of the standards for the installation servicing and mainte-

nance of protective signaling systems in the District of Columbia?

A. Yes, there are other indications of rate credits in schedule applications. There are two instances of this. [fol. 3185] One is the "Special Multi-Peril Policy Program in which there are certain discounts given to central station installations. No credits are given unless the Bureau ascertains that there is a certificate of approval given to this installation and the serial numbers and expiration date of the certificate.

Q. What type of a certificate, sir, are you talking about? Is that an Underwriters Laboratory certificate?

A. Yes. I believe the Underwriters Laboratory issues certificates in connection with the National Board requirements which indicate the full status of the account.

The other deviation from our usual practice is the "Commercial Property Coverage Program" which also contains a similar wording to the "Special Multi-Peril". The same procedures are followed in determining whether the discount is allowable.

* * * * * * *

[fol. 3186] Q. Now after the systems have been installed on the subscriber's premises, does the Rating Bureau thereafter inspect the operation of the approved protection company to see whether or not they are conforming to the standards set by your Rating Bureau?

A. Yes. We visit the central station operators, their office and look over the records to determine if they are fulfilling the contract requirements.

For instance, they must make monthly inspections of these installations and that is very important as far as we are concerned and we check them periodically to determine if

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they are fulfilling that contract.

Q. And those records are required to be kept by the company by the Rating Bureau?

A. They are kept by the installing company. The Rating Bureau keeps no records.

Q. But that is a requirement of the Rating Bureau that they keep such records?

[fol. 3187] A. That is right.

Q. How often does the Rating Bureau check the operations and the records of the approved protection companies?

A. They have no stated interval. We can go in there any time and look at their records.

As I said, we have no stated time to do it.

Q. Well approximately, how often; do you inspect them every year as a matter of practice?

A. Well I think a new group coming in that is a central station, we follow very closely, maybe every two months originally. Now I think every six months is about the time we do it.

Q. Now, sir, in connection with these inspections of the central station operations, are these surprise inspections or do they know that you are coming on a certain day?

Page 23

A. They are surprise inspections.

Q. In connection with the protective signaling systems, is it a requirement that on receipt of an alarm at the central station that the central station dispatch a guard or a runner to the premises from which the alarm emanated?

A. It is.

Q. Does the Bureau have any prescribed time in which the guard must respond to an alarm?

A. I believe there is a question on that which I believe is five minutes. I believe that is the interval, the period of [fol. 3188] delay. I am not sure of that statement though.

Q. Does the Rating Bureau from time to time conduct surprise tests on the alarm system to check on the response time of the companies, the protection company's guard?

A. The Rating Bureau makes inspections but notifies the central station that they are going to make a test.

Otherwise, there might be a lot of complications involved, fire departments and other things which, of course, would upset the equilibrium of the inspection.

Q. Now, sir, could you tell us briefly what the requirements are for the protection company in the event that one of the protective signaling systems is temporarily out of service? What are they required to do?

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A. They are required to call the Insurance Rating Bureau if any fault is found in the system.

Q. How soon, sir?

A. Immediately.

Q. What action does the Rating Bureau take after you receive such a message that a signaling system is out of order temporarily?

A. The Rating Bureau will call the Fire Marshal's office where we have very close contact and also, if it affects the water supply, we will call the Water Department of the District of Columbia. We will also call the agent.

[fol. 3189] Q. The agent of the insurance carrier?

A. That's right. The agent of the insurance carrier.

Q. In the event, sir, a protective signaling system of necessity will have to be out of operation for a period of time, does the Rating Bureau require any emergency protective measures?

A. If at all possible, we try and have at least part of the system in operation if there is a fault. That is particularly true in sprinkler supervisory where we might have a number of heads shut off or something of that sort, but in any event, we try to have every system returned to service at night if there is any work being done during the day time.

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Q. In the event that the system cannot be put back in operation during the day time, does the Bureau require any additional protective measures?

A. I believe the Bureau in some instances would ask the assured to provide a watchman or some other evidence of protection or somebody in there that could take care of an emergency if the case arises.

Q. Now, sir, you have told us that any time the system is temporarily out of operation that the company is to notify the Rating Bureau immediately that the system is [fol. 3190] not in operation.

Is there a requirement on the part of the protection company to advise the Bureau when the protection system has been restored?

A. Yes. The company, the installing company advises immediately when the system has been restored.

Q. Mr. Allebach, does the Rating Bureau of the District of Columbia allow any credits or discounts to property owners utilizing proprietary alarm systems as those systems are described in Government Exhibit No. 1?

A. No, they do not.

Q. Has the Rating Bureau of the District of Columbia ever

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allowed any rate credit for a proprietary alarm system since you have been employed by the Rating Bureau?

A. No.

Q. Does the Rating Bureau of the District of Columbia allow any rate credits to property owners utilizing auxiliary alarm systems in the District of Columbia?

A. No.

Q. Has the Rating Bureau at any time since you have been employed by it allowed credit for auxiliary alarm systems?

A. No.

Q. Does the Rating Bureau of the District of Columbia allow any rate credit to property owners utilizing remote [fol. 3191] station fire alarm systems as those systems are described in Government Exhibit 1?

A. No.

Q. Has the Rating Bureau ever allowed any rate credits to property owners utilizing remote station fire alarm systems since you have been employed there?

A. No.

Q. Does the Rating Bureau of the District of Columbia allow any rate credits to property owners utilizing local fire alarm systems?

A. No.

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Q. Since you have been employed by the Rating Bureau has the Bureau ever allowed any such credits?

A. No.

Q. Do you know why the Rating Bureau has not allowed any rate credits to property owners utilizing proprietary auxiliary, remote station or local fire alarm systems in the District of Columbia?

A. As far as I can understand, the reason has been that it is a question of maintenance and inspection. The system might be installed and perfectly approved manually but through neglect or through ignorance of the property owner, some of the equipment might deteriorate or not be [fol. 3192] functioning at the time when it was probably needed.

Q. For those reasons, does the Rating Bureau consider these inadequate protection systems for the purpose of giving rate discounts?

Mr. Williams: Object to the form of the question.

By Mr. Story:

Q. You may answer, sir.

A. Yes.

Q. Mr. Allebach, in the District of Columbia, could you tell us what difference there is if any in the insurance base rate for a sprinklerized property as distinguished from a non-

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sprinklerized property?

A. That is a very difficult question to answer.

A sprinklered schedule has no relationship to the unsprinklered. Whatever the sprinklered schedule produces is not tied in any way with what it might produce unsprinklered. So the Bureau hesitates to quote any rate for credit for automatic sprinkler protection, without actually applying a schedule beforehand on a tentative basis.

Q. As I understand it then, sir, you have a completely separate insurance rating system for a sprinklerized property and another for a non-sprinklerized property?

A. That is correct.

[fol. 3193] Q. Basically, sir, could you give us any idea on amounts per hundred dollars of insurance how the sprinklerized base rate would compare with the non-sprinklerized base rate?

Mr. Williams: Well, I am going to object to the form of the question. The witness has already said that there is no relationship between the two, that it is computed on an entirely different basis.

By Mr. Story:

Q. You may answer, sir.

Mr. Williams: I want to note a further objection on the grounds that it is my understanding that the variation

between the premises and conditions that are existing on premises are very extremely wide and there doesn't seem to be any basis for making such a comparison.

The Witness: If I understand it correctly, do you want to know what the percentage possibly would be if certain risks for sprinklered rated at a dollar, what it would be if rated at an unsprinklered risk. Is that your question?

By Mr. Story:

Q. Generally, sir, in layman's language could you tell us for instance in writing an insurance policy at your base rates before any credits or discounts are given, you have a base rate, as I understand it, for a sprinklerized risk. [fol. 3194] Your insurance rate, your base rate might be 10 or 15 cents per hundred dollars for a sprinklerized risk. What would it be for a non-sprinklerized risk using your other rate?

Mr. Williams: I will continue my objection to the question.

The Witness: To give you an idea on that, sir, it says the base rate on a sprinklered schedule is three cents and on an unsprinklered schedule, it is .061.

By Mr. Story:

Q. Per one hundred dollars?

A. Per one hundred dollars of insurance per annum. But that

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necessarily might not reflect the true picture of the situation as I see it.

We do have what I call a minimum rate which can be obtained on unsprinklered of four cents per hundred dollars of insurance per annum. That is building only.

On a sprinklered basis, it can be reduced to two cents per one hundred dollars of insurance per annum.

Q. What about the contents?

A. The contents of a sprinklered risk can be reduced to .045 per one hundred dollars of insurance per annum.

Q. And on a non-sprinklerized, what is the insurance minimum?

A. On the unsprinklered basis, there is no stop rate on the contents.

* * * * * * *

[fol. 3195] Q. Mr. Allebach, taking a sprinklerized risk of good construction, what rate credit would be allowed to a property owner who has an automatic sprinkler system if he utilized complete sprinkler supervisory and waterflow alarm service?

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A. There again on the question of rate, there are so many things involved in the makeup of a rate that unless we specifically make an inspection and determine what those credits and charges are, it is very difficult to establish any set pattern. For instance, we have a credit of 30 points in our rating schedule on this automatic sprinklered schedule which roughly represents a difference of 15 cents on a building and 25 cents on contents. On a fire resisting schedule, that will vary if the risk is of brick or frame construction. Then that rate which we obtained permitting the 30 points credit for the alarm service would have to be added to your construction details, your construction

discounts or charges which in turn might be offset by faults of management. So that it is very difficult to set any pattern as far as the total credits are concerned.
[fol. 3196] I will say this, that without the alarm service, those 30 points would be made a part of the rating schedule which, of course, would have a tendency to increase the rate considerably.

Q. To what extent, sir?

A. Well, as I said, the difference between 25 points—I mean 15 points and 30.

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Q. And what is "points?" Is that cents on a dollar?

A. Well, as I said before, these gradings are considered points of deficiency. For instance, if we had a system that did not have any supervisory service, we would charge under the alarm service 30 points. That in addition to your 15 points for a single water connection would give you a total of 45 points deficiency from 100.

Then the grading of your sprinkler would be 55 percent. That 55 percent would be reflected on your occupancy grading tables schedule which establishes your building and your contents rate which may vary, as I mentioned before, between——

Q. Now, sir, in the District of Columbia on a sprinklerized risk of good construction, does the Rating Bureau allow any discounts or credits for the utilization of watchman or guard service in the building?

[fol. 3197] A. Yes.

Q. Could you tell us what that rate discount is?

A. Depending upon the type of watchman service installed it could vary from five to ten percent.

Q. And that compares with your sprinkler supervisory and waterflow alarm service where you gave a discount of how much?

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A. About 30 points. 30 percent. But you see there, the relationship again, you are comparing two different schedules which I don't think makes sense.

* * * * * * *

By Mr. Story:

Q. Mr. Allebach, would you describe for the record what Government Exhibit 7 is?

A. Government Exhibit 7 is a schedule for rating sprinklered risks, issued by the Insurance Rating Bureau of the District of Columbia. It contains charges for construction deficiencies, faults of management. It also entails a schedule for grading automatic sprinkler protection which grad- [fol. 3198] ing is issued upon inspection to determine what alarm services are installed in connection with the automatic sprinkler protection.

In this way, we are able to produce a rate for the building and contents on a sprinklered basis. That is it.

* * * * * * *

By Mr. Story:

Q. Mr. Allebach, would you identify for the record Government Exhibit No. 8 and tell us what it is?

A. Government Exhibit No. 8 is a schedule for rating buildings of fire resisting construction as issued by the Insurance Rating Bureau of the District of Columbia.

This schedule also produces charges for deficiences in construction. It also provides reductions for fire appliances including your supervisory watchman service and automatic fire alarm.

This schedule produces a rate for building and contents. It also lists faults of management charges which are added if conditions upon inspection are found to be contrary to good fire protection.

[fol. 3199] Q. Referring for a moment, Mr. Allebach, to Government Exhibit 7 and 8—strike that.

Mr. Allebach, take a building of good fire resistant construction where you have a sprinkler supervisory—where

you have an automatic sprinkler system, could you tell us the maximum allowable rate discount for a complete sprinkler supervisory and waterflow alarm service?

A. It is kind of hard to answer.

Let me put it this way. If we have a complete super-

visory service—you're talking about sprinkler supervisory service?

Q. Yes, sir.

A. The discounts under this service may be as high as 50 percent. This, of course, combines other features of the schedule which I will mention.

If your sprinkler grading exceeds 60 percent, if there is exceptional construction—that is, your stairways are fully protected and so on—and if the protection including extinguishers is up to standard, we may increase the credit under the schedule 25 percent.

In addition to that, if we find that there is exceptional housekeeping, management and safeguarding of special hazards, we may reduce it a further 25 percent. This latter [fol. 3200] portion is based upon a report which the building owner submits to the Rating Bureau indicating that he is making inspections on a monthly basis. So that with the combined totals of credits for supervisory service, exceptional construction

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and housekeeping may total as much as 50 percent.

Q. How much of that 50 percent is attributable to sprinkler supervisory and waterflow alarm service?

A. As I mentioned before when I talked about the difference under sprinkler supervisory service, I believe I mentioned the different rates which would occur. If the sprinkler grading was 40 percent without supervisory and 70 percent with supervisory.

Q. Now taking that same building we have just discussed, of good construction, if an automatic sprinkler which has been protected—which is being protected by a watchman on a compulsory tour, what is the maximum amount of discount that a property owner could get for utilization of watchman on a compulsory tour?

A. He would get approximately twelve and a half percent credit as against 30 which we discussed before.

Mr. Williams: Is that percentages or points now?

The Witness: I am sorry. It's twelve and a half points.

By Mr. Story:

[fol. 3201] Q. What are the points, sir? Describe that for us.

A. Under the grading schedule we have numerous credits

for protection and numrous additions for the lack of certain things. The smallest increment we can get is five points. Your minimum is 40, your next is 45 and 50 and 55 and so forth. It is an increment of five points. The one point wouldn't actually affect the overall grading.

Q. But the 30 percent discount that you mentioned a moment ago for sprinkler supervisory, that is the percentage of the overall rate bases; is that right?

Mr. Williams: I am going to object to that. He didn't testify that there was a 30 percent discount. He said that something could range up to 30 points on grading the sprinkler system.

By Mr. Story:

Q. Did you mean points or percentage?

A. I am sorry. It is points. In other words, this grading schedule is set up on points. For instance, if the total water supply is inadequate, we could charge up to 20 points deficiency. If they have only an outside water motor gong as an alarm on this system, we charge 30 points for the alarm service and we charge 15 points for a single supply water system.

[fol. 3202] Q. What points do you start with? Do you start with a

hundred points?

A. A hundred points.

Q. Sir, essentially we are talking in points but you mean percentages in effect.

Mr. Williams: I'll object to that because that isn't so.

The Witness: Well your standard equipment, there's 100 points involved. Now any deficiency will reduce that by the amount that I just mentioned. So that we could get a

45 percent total points grading of equipment and that in turn is used to grade the rate, to set the rate up for building and contents.

If your grading of the sprinkler equipment is 80 percent or 80 points, then your rate is so much. If it's 40 points, it is increased by the number of points, so that this particular part of it is a point deficiency.

By Mr. Story:

Q. Now, sir, let's talk about a non-sprinklerized property of good construction and good housekeeping.

What is the maximum discount that a property owner could obtain by utilization of central station automatic fire protection service?

A. According to the schedule, 20 percent.

[fol. 3203] Page 39

Q. Now, sir, taking that same building——

A. Wait a minute. I want to qualify that a minute if you don't mind.

Q. Yes, sir, go ahead.

A. According to the schedule, it is a 20 percent deduction, in line with our reduction which we give for other fire appliances.

Now that part is given, credit is given in this schedule immediately after we make our construction charges. Then if it is a fire resisting schedule, which is Government Exhibit No. 8, due to some determination which was prior to my being in the Bureau, they give it a deduction of two-thirds for 80 percent co-insurance, so that when the credits are actually allowed, there is something less than 20 percent overall allowed, you don't take 20 percent off the final rate.

You take 20 percent and then reduce that—reduce the rate by two-thirds for 80 percent co-insurance. So when we say "20 percent", it is applied in the schedule but it does not necessarily mean that risks obtain a 20 percent credit. Now I am getting involved in this.

Q. You are confusing me somewhat here.

A. In addition to that, I could say too, suppose there is

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[fol. 3204] faults of management on this thing which, of course, which comes in after the rate is established, it could be 10 cents, it could be 20 cents, it could be 30 cents which would offset the whole 20 percent deduction which we had originally given.

Q. Let me ask you this question, sir.

Forgetting for the moment your management deficiencies, suppose everything is of the highest rate risk on a non-sprinklerized building, what is the maximum percentage of credit that a property owner can obtain if he utilizes central station automatic fire alarm service?

A. 20 percent.

Q. Take that same example, sir, and protect that property with a watchman on a compulsory tour.

What would be the maximum amount of discount that the man could obtain?

A. It would be 10 percent.

Q. Now, sir, taking that same example under the sprinklerized risk, what is the maximum amount of discount that a property owner does obtain if he utilized complete supervisory and waterflow alarm service?

Mr. Williams: I'll object to the form of the question.

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The Witness: There is no—I mean, as I said before. You can't pick it out the same as you could on an unsprinklered [fol. 3205] schedule. There are so many things involved, the grading of sprinklers and so forth.

By Mr. Story:

Q. Forgetting all the grading. Everything is up to the highest standards of this building. What would be the highest percentage that he could obtain?

A. On the supervisory watchman?

Q. No. On a complete central station sprinkler supervisory and waterflow alarm service.

A. Ignoring all the other factors which I just mentioned about your construction, housekeeping, et cetera?

Q. Yes, sir.

A. I would say around—that is hard to answer. I will estimate it roughly around 40 percent.

Q. Now taking that same building which is fire resistant and is of the highest standards according to your rating, with good housekeeping and good management, what would be the maximum discount that a property owner in a sprinklerized risk could get by utilization of watchman on a compulsory tour?

A. I'd say around 50 percent. I am sorry. I misinterpreted the

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question. It would be twelve and a half percent.

Mr. Williams: Cents or points now?

The Witness: I am sorry. I am getting confused on the [fol. 3206] points. This is points under the grading schedule because we produce about I'd say 20 percent on the overall schedule.

By Mr. Story:

Q. Going back again to your complete supervisory and waterflow alarm service, what is the maximum number of points, we were talking about points, that a man could obtain?

A. 30.

Q. 30.

A. And under the supervisory watchman, it would be twelve and a half points.

Q. Very well, sir.

Now sir, could you tell us under your rating schedule when watchmen are utilized, is there any difference between the credits allowed for a watchman on a central station supervised tour as distinguished from a watchman on a compulsory tour from a detex clock?

A. There is a difference of five percent. Five percent credit is given to watchman without supervision and ten for supervisory watchman on an unsprinklered schedule.

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Q. Does the Rating Bureau of the District of Columbia give any rate discounts at all for watchmen who are not on compulsory tours?

A. Yes.

Q. What is the compulsory tour as you understand it, sir?

A. A compulsory tour is a tour in which the watchman [fols. 3207-3209] punches his station and I believe it means that every four or fifth station records itself in the central station.

Q. Now tell us how a matchman with a detex clock or a recording clock operates or is that recognized in the District of Columbia?

A. It is.

Q. How does that system work, sir?

A. That system works where the watchman makes hourly rounds in proper sequence of his stations and has recorded in the local office of the organization for which the watchman works.

Q. Does a watchman on a compulsory tour with a recording clock obtain as much rate discount as a man on a compulsory tour supervised by a central station?

A. No.

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Q. Well, what is the difference?

A. Five percent.

Q. Percentagewise?

A. Five percent.

Q. Does the Rating Bureau of the District of Columbia allow watchmen which are utilized for credit purposes to engage in non-protective activities such as janitor work or other non-protection work?

A. No, unless the Bureau doesn't know about it. Of course if they know about it, then they frown from having the watchman do any other duty. He must be on duty at all times, making his rounds.

* * * * * * *

[fol. 3210] Q. Do you know, sir, whether or not the utilization of watchmen cost the property owners more than the utilization of central station protection service?

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Mr. Williams: Object to the form of the question.

By Mr. Story:

Q. You may answer.

A. We never enter into costs as far as any of the installations are concerned, whether it is fire alarm or watchman or what it is.

* * * * * * *

[fol. 3211] Q. Mr. Allebach, I think you have testified that the Rating Bureau of the District of Columbia gives no recognition to alarm systems such as proprietary, auxiliary, remote station and local.

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A. That is correct.

Q. Has any company ever petitioned the Rating Bureau to consider and allow credits for the utilization of proprietary, auxiliary, remote station or local alarm systems in the District of Columbia?

[fol. 3212] A. I believe over the year there might have been some question about the method of rating.

Q. Do you have any personal knowledge that someone has requested the Rating Bureau to give recognition to those types of alarm systems?

A. I do have knowledge of questions being asked but I can't pinpoint it as to who it actually was. I do believe that where credits are given for such systems in other territories, that when I first became associated with the Insurance Rating Bureau at that time there was question about establishing of credits only for the present method of rating.

Q. During the time you have been with the Rating Bureau, has that ever been considered by any of the governing bodies in the District of Columbia?

A. No, not to my knowledge.

Q. When was the last time you can recall that any protection company attempted to get the Rating Bureau to give recognition

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to proprietary alarm systems, auxiliary alarm systems, remote station alarm systems and local alarm systems?

A. It has been so many years ago that I don't recall when it actually was.

Q. Did you participate in any of the discussions as to whether or not you would hold hearings or discuss the granting of credits for these alarm systems such as pro-
[fol. 3213] prietary, auxiliary, remote station and local?

A. I'll answer that in this way. To my knowledge there has been no formal request for such credit and if there had been, we would have had to take it up with our governing committee to determine if any changes were to be made in our present method of rating.

Q. But you have, sometime during the time you were with the Bureau, had certain companies or individuals approach you in an effort to get you to consider the types of alarm systems?

A. I'll answer it this way. Feelers have been put out by—not only the alarm service people but other people in the insurance interest. In fact, most of my requests have come from insurance interests, like an agent who were trying to get some method of reducing a rate and in cost cases it came from them and not from any of the central stations involved.

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Q. In other words, insurance agents of the companies who are in your Rating Bureau?

A. That's right.

* * * * * * *

[fol. 3214] Q. Have you ever discussed with your governing board the possibility of granting insurance rate reduction for the utilization of proprietary, auxiliary, remote station and local fire protective systems?

A. No.

[fol. 3215] I'll qualify that by a statement because when —no, strike that off. That was on another tack.

Q. Mr. Allebach, does the Rating Bureau of the District of Columbia have any requirements as to whom should hold or own title to the alarm systems which have been installed on the property owner's premises?

A. No, sir.

Q. You inspected for a certain number of years these

alarm systems which had been on the property of the property owner; is that correct?

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A. That is correct.

Q. At any time, did you ever inquire as to who owned the alarm system?

A. I don't recall that I have.

Q. In other words, it doesn't make any difference as far as the Rating Bureau of the District of Columbia is concerned.

Mr. Williams: Objection to the form of the question.

By Mr. Story:

Q. You may answer.

A. As far as I know, it doesn't make any difference.

Q. Your Washington, D. C. Rating Bureau has no objection if the property owner holds title to the alarm system which has been installed on his property?

[fol. 3216] Mr. Williams: Objection to the form of questioning.

The Witness: Let me see that (indicating). Do you mind if I look at one of those?

Mr. Story: No, sir.

The Witness: I am getting into deep water here.

The question of ownership, I believe that the assured or owner is only building a service and that the equipment which he has in there is not his own.

By Mr. Story:

Q. Is that a requirement of your District of Columbia Rating Bureau? That the alarm company retain title?

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A. I don't believe I can answer that question.

Q. Well, sir, you have been an inspector. You went out to look at these various fire alarm systems over a number of years. If it is a requirement, you should have checked to find out who owned these systems.

Isn't that correct?

A. I am sorry, sir. These systems are not owned by the assured in accordance with this pamphlet which is your Government Exhibit No. 3.

"Such systems shall be independently owned, controlled, and operated by a person, firm or corporation whose principal business is the furnishing and maintaining of supervised protective signaling service and who have no interest in the protected properties."

[fol. 3217] Q. So there is a requirement of the District of Columbia Rating Bureau that the property owner has to—that the alarm company has to own the equipment installed on the subscriber's premises.

A. That's right. The reason why I mentioned that is that whenever they discontinue service, the alarm company removes all their equipment from the premises.

Q. What is your Rating Bureau's interest, sir, in these systems?

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A. That they are properly installed and serviced.

Q. What interest does your company have in who owns or has title to these alarm systems?

A. I don't know that we have any interest in whether they do or don't.

Q. During how many years, sir, did you go around inspecting alarm systems which had been installed by the protection companies on the property owner's premises?

A. About 18 years for the Bureau.

Q. Did you ever inquire during those 18 years as to who owned or held title to the alarm system on the subscriber's premises?

A. No, I don't believe I have.

Q. So far as you know during that 18 years, all of the assured owned all of the systems; is that correct?

Mr. Williams: Objection to the form of question.

By Mr. Story:

Q. You may answer.

A. No. Just as I repeated before, when they take the [fol. 3218] system—when they take the system—when they

discontinue service, they remove all their equipment from the premises.

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Q. But did you actually check at the time you approved those systems who held title to the alarm systems?

A. I don't think I ever read a contract of the alarm services.

Q. One of your functions in inspecting the systems was to see that the requirements of your organization were followed; isn't that correct?

A. That is correct.

Q. But you never inquired as to the ownership of these alarm systems?

A. What I am saying now—of course, I haven't inspected one of these in a few years——

Q. How many years?

A. About seven.

Q. But for about 18 years prior to the seven you inspected a lot of them; is that right?

A. Oh, yes.

Q. And did you ever inquire who held title to these alarm systems?

A. I don't believe I have.

Q. So you really don't know who owns those systems as far as your own inspections are concerned; is that correct?

Mr. Williams: Objection to the form of the question.

[fol. 3219] Page 57

By Mr. Story:

Q. You may answer.

A. That is correct.

Q. Do you know whether or not the subscribers to central station protection service here in the District of Columbia are charged what is called an installation charge for the installation of an alarm system?

Mr. Williams: I'll object to the form of the question.

By Mr. Story:

Q. He may answer.

A. We don't get into any costs or get into any of that as far as costs of any installation are concerned. We don't enter that picture at all.

Q. Mr. Allebach, you mentioned that only two companies had been approved to render approved central station protection service in the District of Columbia.

Has the Rating Bureau since you have been with it ever received any other applications for approval?

A. No, sir.

Q. The jurisdiction of the Washington, D. C. Rating Bureau is confined within the limits of the District of Columbia; is that correct?

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A. That is correct, sir.

* * * * * * *

[fol. 3220] By Mr. Williams:

Q. Mr. Allebach, so far as the Rating Bureau has an interest in the operation of protective signaling systems within the District of Columbia, it is governed by the pamphlets that have been put into evidence by the Government, published by the National Fire Protective Association; is that correct?

A. That is correct.

Q. And those pamphlets form part of the standards of your own Rating Bureau?

A. That is correct.

Q. In addition, you mentioned earlier that you published or promulgated one or two additional things that added to the provisions of these pamphlets?

A. That is correct.

Q. Is the Bureau operation today governed by the provisions that are

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contained in these pamphlets so far as they relate to protective signaling systems?

[fol. 3221] A. That is correct; yes.

Q. Does the Rating Bureau function as a filing agent for rates with the Insurance Commissioner of the District?

A. Yes. The Rating Bureau files rates and forms on behalf of our 300 member companies to the Superintendent of Insurance of the District of Columbia.

Q. And you act—the Bureau acts as an agent on behalf of these companies in its dealings with the Insurance Commission?

A. That is correct.

Q. Are the rates for comparable types of insurance identical among all the companies?

A. No, they are not.

Q. Does your company—strike that.

Does the Insurance Rating Bureau also act as a filing agent for the associated factory mutual companies?

A. We do.

Q. Insofar as the rates are concerned?

A. That is correct.

Q. Do you inspection work on risks that are contemplated to be covered by one of the associated factory mutual companies?

Page 60

A. No, we do not.

Q. Do those groups of companies maintain their own inspection system here within the District of Columbia?

A. That is correct. The associated factory mutuals have [fol. 3222] what they call a deviation filing which is filed with the Superintendent and which we audit when daily reports are received by the Bureau.

Q. And you audit those reports to determine whether they are conforming to their filed rates?

A. That is correct.

Q. Your Bureau, however, does not undertake the inspection and grading of the premises?

A. That is all done by their own engineering service.

Q. The factory mutual so far as you know publishes its own standards of fire protection for the risks that it seeks to cover?

A. That is correct.

Q. These are not necessarily the same as the standard

rates and forms that you file on behalf of your member companies?

A. That is correct.

Q. Also with respect to your member companies, are there many

Page 61

whose rates which were filed with the Insurance Commission here in the District of Columbia deviate downward from the rates of the other companies?

A. Yes, there are.

Q. Are there a large number of such companies?

A. I would say at least one-third of our membership deviates from rates of the Bureau, and forms—rates and forms.

[fol. 3223] Q. Are these deviations of the downward nature? That is below the standard rates?

Mr. Story: Object to the form of the question.

The Witness: Yes, generally.

By Mr. Williams:

Q. Do these companies write fire and allied lines insurance?

A. They do.

Q. And are these rate deviations enforced for that type of insurance?

A. Yes, they are.

Mr. Williams: Miss Reporter, would you mark this as Defense Exhibit A in connection with this deposition?

(The document referred to above was marked Defense Exhibit A for identification.)

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By Mr. Williams:

Q. Mr. Allebach, would you briefly identify the document which has been marked "A"?

A. Exhibit A is a list of deviations by member companies of the Bureau, dated March 1, 1963. This list contains a listing of all companies deviating from rates, forms or

coverages. Some companies have uniform percentage downward deviations. Others have not only downward deviations from fire rates but also deviations from coverages including special multi-peril home owners and commercial property coverages.

[fol. 3224] Q. Confining this next question to the fire and allied lines, are there companies on that list that have downward deviations on that line of insurance?

A. On the fire and allied lines?

Q. Yes, sir.

A. Yes.

Q. By looking at the exhibit, can you tell us what the approximate range of the downward deviations are, the percentages?

A. They range from 10 percent to 20 percent.

Q. May I see that for a moment please?

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It would be possible, would it not, Mr. Allebach, for an insured to obtain a lower rate, lower overall premium payment by dealing with one of these companies as compared to the standard filing of your member companies?

A. That is correct.

Q. It is conceivable, is it not, a premises that had no—a sprinkler premises that had no alarm protection on it could nevertheless obtain a lower rate from one of these deviated companies than it could if it had the necessary alarm protection and dealt with one of your member companies who has a standard filing with no deviations.

Mr. Story: Object to the form of the question.

The Witness: It might be possible.

By Mr. Williams:

[fol. 3225] Q. Now looking at pamphlet No. 71, Mr. Allebach, which has been marked as Government Exhibit 3, I believe.

A. All right.

Q. Would you turn to the inside front cover and in heavy black type under the word "Definitions", would you read to us the definition of the word "shall"?

A. The word "shall" indicates provisions which are considered essential for protection of life and property.

Q. Now would you turn to page three of the same exhibit the para-

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graph headed in black type "Central Station System", and read to us the last full sentence of that paragraph.

A. Such systems shall be independently owned, controlled, and operated by a person, firm or corporation whose principal business is the furnishing and maintaining of supervised protective signaling service and who have no interest in the protected properties.

Q. Thank you.

Mr. Allebach, you mentioned earlier this morning the member companies—strike that.

You mentioned earlier this morning that the Rating Bureau has not afforded any recognition to proprietary, remote station or local type alarm systems.

A. That is correct.

Q. Actually on the sprinklered risks schedule there is a [fol. 3226] mention made of a number of points that shall be applied if there is a local alarm to show that the alarm has water overflowing in it.

A. That is correct.

Mr. Story: Object to the form of the question.

By Mr. Williams:

Q. Would you tell us what this pamphlet entitled "Commercial Property Coverage Program", 1960, is. What does it represent?

Page 65

A. The "Commercial Property Coverage Program" represents the rules and requirements for the writing of policies covering business property, including improvements and betterments.

Q. Are these properties generally the type that are covered by the member companies of your Bureau?

A. Yes.

Q. And they are located—this program is enforced in the District of Columbia?

A. That is correct.

Q. May I see it for a moment please?

Mr. Williams: Miss Reporter, pages 15 and 16 of this pamphlet to be marked as Defendant's Exhibit B for identification.

(The pages referred to above were marked as Defense Exhibit B for identification.)

By Mr. Williams:

Q. Mr. Allebach, this "Commercial Property Coverage" is presently enforced?

[3227] A. That is correct.

Q. By the member companies of your Bureau?

A. That is correct.

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Q. Does it set forth the rules and principles which will determine the rate, the insurance rate that will be applied to properties covered by this program?

A. That is correct.

Q. I draw your attention to pages 15 and 16 which have been marked as Defense Exhibit B and ask you if anywhere on those two pages there is mention made of either a remote station or a local type alarm system?

A. Yes.

Q. And according to that manual, are premium discounts allowed by your member companies for the installation of such systems?

A. Yes.

Mr. Williams: Would you mark this for identification page MERC-22 of this pamphlet?

(The page referred to above was marked as Defense Exhibit C for identification.)

By Mr. Williams:

Q. Mr. Allebach, would you tell us what the title of this pamphlet is and describe what its functions are or its purpose is?

A. This exhibit is the mercantile program of "Special Multi-Peril Policy", approved in the District of Columbia.

[fol. 3228] Page 67

It contains rules and regulations covering policies on business personal property contained in mercantile establishments and auxiliary warehouses.

Q. Is one of the perils that is covered by this type of policy fire?

A. Yes.

Q. Look at page MERC-22. Does that page contain any mention of the types of alarm systems upon which your member companies will grant premium discounts?

A. Yes.

Q. What types of alarm systems does it mention, sir?

A. It mentions central station and local.

Q. Does it mention any types of alarm system which is connected to a police headquarters?

A. Yes.

Q. Do your member companies—strike that.

Has this "Special Multi-Peril Policy Program" been filed on behalf of your member companies with the Insurance Commissioner of the District of Columbia?

A. Yes.

Q. Is that also true of this "Commercial Property Coverage Program"?

A. Yes.

[fol. 3229] Page 68

Q. Looking again at page 15 of the "Commercial Property Coverage Program", the very last paragraph there, does it make mention of a type of alarm system which is directly connected to a manned police headquarters?

A. Yes.

Q. And is an insurance discount granted for that type of alarm service?

A. To my knowledge, none.

Q. Does the manual provide for such a discount?

A. It does.

I might add to this. This a company-wide schedule applies not only here but country-wide. So our local regulations, I would say, would cover it.

Q. However, this has been filed on behalf of your member companies to be operative in this District?

A. It has.

* * * * * * *

[fol. 3230] Q. Now we spent some time this morning, Mr. Allebach, discussing a sprinklered premise rating schedule. There is just one thing I would like to clear up with respect to that. When you speak of the number of points that are used in grading a sprinkler system, am I correct in stating that these points are not directly percentage reductions from the base rate?

A. Right. Correct.

Q. And there must be some further computation and the inclusion of other elements both in the entire sprinkler system and the nature of the building that must be used in finally arriving at the base rate?

* * * * * * *

[fol. 3231] Q. Is there any significant number of buildings that might be classed as manufacturing and industrial buildings in the District?

A. No.

Q. How long have you been connected with the insurance field, sir?

A. Since 1925, except during the war.

Q. Would you say on the basis of your experience that the District of Columbia was a typical insurance district?

Mr. Story: Object to the form of the question.

Mr. Williams: I'll rephrase the question.

By Mr. Williams:

Q. Considering the District of Columbia in relation to other cities, having the same size and population, would you say the relative lack of industrial operations within the District of Columbia was

something that would make it different from other cities?

A. I would say so; yes.

Q. There are a large number of government-owned buildings in the District; are there not?

A. Yes.

Q. Do you know whether any of these government-owned buildings are insured?

[fol. 3232] A. No.

Q. Is it that you don't know or that they don't have insurance?

A. I am afraid I can't answer that question.

Q. During the time you have been with the Insurance Rating Bureau of the District of Columbia, have you ever seen a rate schedule prepared on behalf of a member company that covered a government-owned building?

A. No, I have not.

Q. Does the Insurance Rating Bureau of the District of Columbia act as an inspection agent for the FIA group of companies?

A. No, we do not.

Q. Do you act as filing agent for them?

A. That is correct.

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Q. Do they have their own inspection staff?

A. That is correct.

Q. Do you audit their final rates?

A. Yes.

Q. But you have nothing to do with the inspection of the premises so far as those companies are concerned?

A. That is correct.

• • • • • • •

[fol. 3233] Q. Does the factor of general housekeeping on the premises significantly affect the final rate that the insured might be quoted?

A. Yes.

Q. Is it—strike that.

From the viewpoint of fire protection, is that at least as important as whether or not an alarm system is in the premises?

[fol. 3234] Mr. Story: Object to the form of the question.

The Witness: Well, I will say it could offset the credits

for the services. All management credits or direct charges are considered after the rating has been figured.

• • • • • • •

[fol. 3235] Page 76

Q. Now, sir, are all companies writing fire insurance in the District of Columbia required to be associated with your Rating Bureau of the District of Columbia?

A. Yes, they are.

Q. That is required by law?

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A. By law; that is correct.

Q. You mentioned member companies. Are all of these companies doing business in the District of Columbia member companies?

A. That is correct.

Q. And those member companies have to follow whatever rates are filled with the Insurance Commission; is that right?

[fols. 3236-3237] A. No, they are not. Basically they are but they can deviate from those rates which we have on file and those deviations are also filed with the Superintendent of Insurance.

Q. How many of the companies, the number, doing fire insurance business in the District of Columbia do deviate from the standard prices which you people set?

A. I'd say approximately one-third.

[fol. 3238] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 318

Filed April 13, 1961

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

vs.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

DEPOSITION OF EMERSON M. BOOHER, DAYTON ELECTRONICS ALARM & SIGNAL, INC., 530 W. SECOND STREET, DAYTON, OHIO.

Page 3

Q. Mr. Booher, would you state your full name, for the record?

A. Emerson M. Booher. The middle initial is for McKinley.

Q. What is your home address, sir?

A. One three five (135) Sandhurst Drive.

Q. What is your occupation, Mr. Booher?

A. Well, I am General Manager of our company.

Q. And what company is that?

A. Dayton Electronics Alarm and Signals. I am also [fol. 3239] Secretary-Treasurer of Merchants' Police Service, and my wife and I own Booher's Telephone Answering Service.

Q. Now what is the address of your alarm company?

A. Five thirty (530) West Second Street.

Q. And what is the name of that company?

A. Dayton Electronics Alarm and Signals, Incorporated.

Q. And where is that located, sir?

A. 530 West Second Street, Dayton, Ohio.

Q. Now what is the address of your watchman's company?

Page 4

A. 530 West Second Street, Dayton, Ohio.

Q. When was your alarm company established, Mr. Booher?

A. In nineteen forty-five (1945).

Q. Have you been connected with the alarm company since that time?

A. No. I was in the Service at that time. When I came home from the Service I came into Merchants' Police Service and then I came into the alarm business with other people that were in the company.

Q. And about when was that, sir?

A. 'Forty-seven ('47).

Q. And have you been continuously associated with those two companies since that time?

A. Oh, yes.

* * * * * * *

[fol. 3240] Q. Now when you first came with the alarm company, what type of alarm business was conducted by that company?

A. Local burglar alarm business.

Q. Did there come a time when your company engaged in another type of protective service?

A. Yes. As I became more active in the company, and through the activity in our national association and attending a number of watchman's organization meetings of people that were in the watchman service, it soon came to us that we had better get in the alarm business more extensively to protect our watchman service business.

Q. What do you mean, sir? Are you talking of your watchman service?

[fol. 3241] A. Well, we had ADT here, to compete with, so we have to get in there to protect ourselves. If we lose them on watchman service business, if they are going to electrical, we want to keep them in our pocket; not in someone else's.

Q. Now ADT, that is American District Telegraph Company?

A. Correct.

Q. What type of protection does the American District Telegraph Company offer here in Dayton?

A. Well, all types of central station services, I believe.

Page 6

Q. How long has the American District Telegraph Service operated in Dayton?

A. Well, I don't know exactly. I think about sixty (60) years. I am not sure. I think this gentleman here (indicating Mr. Williams) could probably tell you exactly.

Q. To your knowledge have they been operating a central station in Dayton since you have been associated with your alarm company?

A. Oh, yes.

Q. And that is back to 1947, is that right?

A. Yes sir.

Page 7

Q. You mentioned that in 1955 you started tying alarm systems into a telephone answering service?

[fol. 3242] A. Yes.

Q. Was that your own telephone answering service at that time?

A. No, sir, it wasn't. It was our own equipment, though that we put in, and so forth. And we put in Ohio Inspection Bureau Underwriters Laboratories approved equipment. We didn't do it half way. We bought good equipment so we could use it in our central station later on and there wouldn't be no question of our obtaining approval when we moved it into our central station.

Q. Approximately how many alarm systems did you have connected with the telephone answering service at the completion of your central station?

A. We had thirty-one (31) direct wires. That is, direct line alarm, silent type. And then we had seventy (70) or eighty (80)—in there some place—combination local and central station. Most of these have been converted from our local alarms. Not all of them.

Q. What do you mean, sir, combination local and central station?

A. Well, it is a central station alarm and it also rings the bell at the subscriber's premises on an alarm.

Page 8

Q. Now when did you first set up, or when was your central station first in operation?

A. The twenty-ninth of April—do you mind if I look at my notes here?

Mr. Story: Go ahead.

[fol. 3243] A. This was one of the questions that the defendant asked me on my subpoena, so I have it all down here exactly. We moved to our central station on the 29th of April, 'fifty-seven ('57).

Q. Now prior to the time you moved your alarms from the telephone answering system to your central station, what service did the telephone answering perform for you?

A. They performed the operation, the alarm functions first. They dispatch our guard and notify the Police. And each morning we went up and checked the records and checked the tape and register and things like that and we usually went in in the evening, too, every day to check and see if things were in order for that night's closing. The alarms.

Q. At that time, while you were in the answering service, did your company maintain guards to answer alarms at all times?

A. Yes. Now on the night shift, the man answered them from his home to start with, but it got to where we had to have him on duty all of the time.

Page 9

Q. What about the alarm people? Were they available at night during this period of time?

A. Yes. We have several people available all of the time.

Q. I am talking about when you were tied into the telephone answering, sir.

A. Yes. We kept a man available so that we could take [fol. 3244] care of service. He worked from his home, servicing.

Q. Mr. Booher, does the City of Dayton allow alarms to be connected to the Fire Department of Dayton?

A. They don't any more. They did before we went into central station. I believe there is some rule that as long as there is only one central station they must permit it, but if there is two the City can prohibit it to be tied in. Many of them even allow this in operation, but here they do not.

Q. Do you know how many alarms are tied to the Fire Department?

A. Well, yes. Roughly—this is just an estimate, I think six or seven. There may be a few extra. There may be a few extra. There is a Gamewell or two around town that I don't know. I am not familiar with. The ones where we have guards, I am familiar with. But others I am not familiar with how many there are. There is not many because they put the lid on since.

Page 11

Q. Mr. Booher, after you put your central station in did there come a time when you received certain approvals from the insurance organizations having jurisdiction over the various alarms?

A. Yes, we applied for approval in May from Underwriters

Page 12

Laboratory.

[fol. 3245] Q. What year, sir?

A. '57. And then we were under—I don't know, they called it examination—for six months, but we received our approval on the first of November, nineteen-fifty-seven (1957).

Q. Now have you received any other approvals?

A. The Ohio Inspection Bureau. We received approval from them on the fourth of February, nineteen fifty-eight (1958), we received full credit. They had the particular clause in their approval which we didn't approve or we would probably have had it earlier. And I have a copy of it here. Do you want it in the record?

Q. What is the nature of it, sir?

A. Well, do you want to strike this for a minute?

Mr. Story: We can go off the record.

Q. Mr. Booher, did there come a time when you received full approval to conduct and approve central station fire alarm service?

A. We received full credit at that time but to this day we have never had any further clarification of this.

And we have full Factory Mutual approval, which we received on the twenty-third day of November, nineteen fifty-nine (1959), effective on the fifteenth day of December, 1959.

Page 13

[fol. 3246] Q. Mr. Booher, at the present time what types of protective service does your alarm company render in the Dayton area?

A. Well, central station burglar alarms for protection against burglary or vandalism and malicious mischief, and so forth. Then we have the combination central station and local burglar alarms. And then we have the strictly local burglar alarms with police station and remote station connections. Then we have central station holdup alarms; automatic and manual fire alarms, both central station and remote station; waterflow alarms and complete sprinkler supervision; gate valve supervision; high and low pressure on dry systems; gravity tank level, temperature and high and low pressure; power supervision to fire pumps; and so forth, and pump running alarm for various pumps; temperature supervision. That all comes under complete sprinkler supervision.

Then we have compulsory watchman's tour systems, industrial process supervision, boiler pressure, flame, and so forth.

Page 16

Q. Since you have been an approved central station company, have you converted any of your watchman or guard accounts to central station protection accounts?

A. Yes, we have. One we just converted. Well, one several years ago for the same company and their second one for them this year.

[fol. 3247] Q. What is the name of that company, sir?

A. Top Value Stamp Company.

Q. Now referring to the first account that you converted, the Top Value Stamp Company, did your company furnish it guard or watchman service on that installation?

A. When this question came up I looked up a few figures on it to see just how it tied in.

The guard there cost them $14,537.00 a year from our company and we installed the protection there for $936.90, which was the installation, and $60.00 per month. That is the first job we did to eliminate the guards for them.

Q. Let me ask you this, sir: How many watchmen did you have on duty at one time with the Top Value Stamp Company?

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A. One on each shift.

Q. And by maintaining one guard on each of those shifts there it cost that company what amount per year?

A. $14,537.00.

Q. Now you replaced that watchman or guard system with what types of protection service?

A. We replaced it with central station burglar alarm. And we gave them a record of what time they opened and closed. Which is central station service. Grade A central station.

Q. Does your company still have that central station [fol. 3248] protection account?

A. Yes, we still have it. They have moved it to another plant, but we moved the protection for them when they enlarged. They had kind of grown out of their old quarters.

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Q. Now, sir, the Government here would be interested in having the volume of your annual service charges for the last five years, or approximately from the time you entered the central station service.

Would it be possible for you to prepare the number of subscribers per year, maybe at the end of your

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fiscal year or calendar year, and the monthly service charges for the period of time from 1957 to date?

* * * * * * *

[fol. 3249] A. Well, I have always kept our volume to see where we were going from the time we moved into our central station. I started from the time we got our approval which was when I started keeping our volume each month, but I don't have it broken down.

Q. In other words, your revenue from your local

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alarms is included in the revenue for your central station?

A. Yes. You see as our central station has increased our revenue from the locals has decreased because we have been converting them to central station. That is the reason we had our central station service, and we had about 100 of them in our pocket at the time we went to central station.

Mr. Story: Well, if you would like to have the space in the record here, Mr. Booher, for you to compile this information for us on your central station revenue for the last five years—we have obtained it from most of the other companies on that basis—and if there is no objection from Mr. Williams here I don't know whether we can discuss it at a later time the problem involved in getting this information together.

[fol. 3250] As I say, the Government has to have it in order to prosecute this law suit and if he has no objection and if you find some way that you could compile this information for us and attach such a compilation to this transcript it might save all of us a lot of time in the future.

Do you have any objection to attaching such a compilation to this deposition in the event that he can get it together for us?

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Mr. Williams: No, including the central station and local break downs.

A. That is where the problem comes in, how to break it down. We will have to go back over the income. See, we operate on a cash basis and we will have to go back and itemize every individual receipt we have and break it down into what classification it falls under, which will be a tremendous accounting job.

When I talked to Ruth she said: Well, we will have to see what Mr. Rich will charge for a girl.

As I understand it the Government is not interested in a lump figure. We have the lump figure from the time we began the central station.

Q. Which includes your local accounts?

A. Yes. That is what is wrong with our records, as far as this thing is concerned and this is what is going to [fol. 3251] produce the problem to break it down.

* * * * * * *

Q. Now, sir, could you briefly tell us what items are considered by your company in arriving at an annual or a monthly service charge on your central station protection accounts?

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A. Well, when we decided to go into it we had talked [fol. 3252] to a number of different people when we were going into telephone answering service we had set up a charge of $20.00 per month for the service, plus the telephone line.

And we thought that when we opened up our approved central office we would advance all our subscribers $2.00 a month, or ten per cent, if it was more than twenty. We would advance them ten per cent, whatever it was, to take care of operating the approved central station.

But instead of advancing it has been so competitive that we have lowered some. We have a nut to crack here to get enough income to maintain and operate the central office, so what we have tried to do is get enough gross income coming in to pay the many expenses of operating the central office. Guards and service people and operators, and so forth.

Q. So I take it from what you have just stated that you attempted to increase your central station protection service charges ten per cent, is that correct?

A. Well, it was our intention to, but competition has been so keen that we haven't did it. In fact we have been lowering them ever since.

Q. How are your prices that you are charging today compared with the prices when you first started in the central station business? Are they higher or lower?

[fol. 3253] A. They are lower. We felt that we should—person-

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ally we feel that things have went up about fifteen per cent—where we have lowered our prices twenty per cent—it is that competitive, and to continue to bring in new business is that competitive, so we feel that we were about thirty-five per cent below what we should be getting.

Q. You say, "things are increased about fifteen per cent." What things are you talking about, sir?

A. Well, labor has increased more than that. And materials have all increased and devices have increased. Subscriber's control boxes, central station equipment, and so forth.

Q. Where do you obtain your central station protection equipment?

A. That was in this subpoena, too, so I have it down exactly where we get all these things. Equipment we buy from Potter Electric Signal and Manufacturing Company. All our central station equipment we purchase from them. It is also available to us from the Central Station Signals,

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and we do buy a few of their devices, but we don't buy much of the Central Office equipment from them.

Q. Now where is the Central Station Signal located, sir?

A. In New York.

Q. And Potter?

[fol. 3254] A. In St. Louis, Missouri.

Q. Now would you continue?

A. Now the SCB, these are direct line central office we buy from Potter and CIRA, which is our combination central station and local burglar alarm for our Grade A and Grade B service.

Then our bank and retail vault alarms we buy from the Dynalarm by Reeves Manufacturing Company and the Potter Sound Alarm we buy from Potter. Both of those are for Grade A central station bank or merchantile vaults.

Now on the bank and mercantile safes we buy the Kidde Prox-o-larm from the Walter Kidde Company, Allwood,

New Jersey. And we also buy the Mosler Research Model AL-25 for our Grade A systems.

Now we have bought a number of other different devices which we have not listed in an effort to give them a trial and see what they would do. We are using these two because we believe them to be superior to any others.

Now our local burglar alarm equipment we buy

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from A. W. Fruh and Company and Potter's CIRA.

And one I didn't mention here which I have thought of since I prepared this report is the Ademco from Allen Devices.

Q. Where are they located, sir?

A. In New York City, Brooklyn, New York.

[fol. 3255] Q. What about A. H. Fruh?

A. A. W. Fruh?

Q. A. W. Fruh.

A. Chicago, Illinois.

Q. Have you finished, sir?

A. The fire equipment, we buy Potter's Universal Alarm and Kidde's Fyrindex Spot Detectors, Atmo-tubing and Protectowire and Pyrotronics from the Protectowire Company and we buy control equipment from them, too, and from the Kidde Company.

We buy the Pyrotronics from the Pyrotronic Company, which is a division of Baker Industries and we buy Acme manual fire alarm boxes from the Acme Fire Alarm Company.

And our sprinklers—the sprinkler equipment we buy from Potter Central Station Signals and I believe we have also bought some of that from Reeve Electric Company. The watchman's supervisory equipment we buy from Acme Fire Alarm Company from Central Station Signals, and the Dudley

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Compulsory Tours has now been taken over by Merchants Police Alarm and Signal in Milwaukee to keep the equipment on the market and to improve it.

Q. Sir, could you tell us how much your company spent

during its last fiscal year for devices and equipment which you use in your central station protection service?

[fol. 3256] A. They subpoenaed our balance sheets, too, so that is the reason we have all this available.

In nineteen sixty-one (1961) we spent $11,309.59.

Q. Now, sir, does that include your devices for your local and direct connected, or is that strictly central station equipment and devices?

A. This is on central station equipment. Our locals, we haven't had to buy any in quite a number of years, due to converting so many of them to central station.

• • • • • • •

Q. Now, sir, let me ask you this: Were you purchasing this equipment which you have just given us from the same companies that you named prior to this, during the

Page 30-a

year '59 through '61?

A. Yes. That has all been purchased from the same companies.

• • • • • • •

[fol. 3257] Q. Now the sums that you are giving us here, is that still the equipment and devices which you use in your central station operation?

A. Yes. That is correct. The things we use on local burglar alarms, we have only had to purchase supplies because we had plenty of control equipment. In fact, I have a basement full of it over there today.

Q. And how did you obtain that equipment, sir?

A. Well, we took them out of installations where we have converted to central station.

Q. Mr. Booher, what is your company's policy on the duration of your central station protection service contract?

A. Well, we issue a five year contract. But when we get in the blind competitive-wise the customer is concerned about whether we are going to continue in business, and so forth, why we use a one year contract if we have to. Many of them we just pass by, because we just can't afford

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to obligate ourselves on an installation that is losing money.

Q. Sir, what per cent of your central station protection contracts are for periods less than five years? Your best estimate.

A. Well, I would say five per cent. Now that is just an estimate. I have no—might only be three per cent. We endeavor wherever possible to get a five year contract, [fol. 3258] largely for our own protection. The way competitors steal them from us many former installations, at the end of our contract, and so forth.

Q. So is that the reason for your company's policy?

A. Yes. That is the reason we always insist on it.

Mr. Williams: I am going to object and strike the word "steal" from the answer as being not responsive to a question and speculative on the part of the witness.

Q. Would you re-frame your answer there, sir?

A. Well, we almost insist on it for fear of our competitor taking them from us at the end of the expiration of our contract.

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Q. Mr. Booher, does your company retain title to the protection system which has been installed on the premises of your subscribers?

A. Yes, we do.

Q. For how long a period of time have you been doing that?

A. We have always did that. It was our experience in seeing other companies that anyone that didn't do that failed. Mr. Haupt, who is the father of my partner in Merchant Police Service, had given a lot of local prospects to other companies here in town, back over the years, and they failed or quit where they sold equipment outright.

Q. Now at a time when your central station subscriber cancels or terminates your contract, do you remove your [fols. 3259-3260] protection systems from the premises?

A. Yes. We remove it completely.

Q. Does your competitor, the American District Telegraph Company, also remove its equipment at the termination of a contract period?

A. So far as I know, they always do.

* * * * * * *

[fol. 3261] Q. Mr. Booher, to what distance from the central station can your service, central station fire and burglar alarm, be utilized?

A. Well, we have some out sixteen or seventeen

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miles, I guess. We are in process of attempting one much further. We have been told we could do it, and so we are going to give it a whirl.

Q. Now with that distance out from your central station, could you give us an idea as to the population of that area which could be serviced with approved central station service from your central station?

A. I believe that the Chamber of Commerce says that the Greater Dayton area here which we are covering is over six hundred or six hundred and fifty thousand or seven hundred thousand. Some place in that area. There is a lot of speculation about how many are actually here. But the last census established it pretty firmly.

Q. That the service area from your central station would include a population of say over six hundred thousand?

A. Yes, I feel it does. I haven't investigated it real fully because the publicity we have had, it is hard to distinguish what is publicity from the Chamber of Commerce and what is fact, so I am not just exactly sure about my figures, but I am reasonably sure it is over that figure.

[fol. 3262] Q. Mr. Booher, since you have maintained central station protection service in Dayton, have you attempted to bid for the protection service of any companies where a company told you that they would not accept a bid from your company?

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A. Yes. We have had some that we were unable to bid on. We call them national accounts in our industry.

Q. Could you give us the names of those companies?

A. Well, Sears is one. I used to know the security officer over there real well, which was Sergeant Gross, and after him was one of our own men, Mr. Sharp, who we has used

over at Sears quite a bit. And when he left us he went to work for Sears in charge of the security in the store and both of those told me that we couldn't bid it as it was a national account over there. Of our competitor's.

Q. National account of the American District Telegraph Company?

A. So everything was handled out of New York.

Q. And did you submit a bid on this account?

A. No. We were not allowed to submit a bid on it. Mr. Gross was very unhappy about the thing and would have liked to give us the business but he couldn't do anything for us.

In fact, we were quite encouraged. We thought we would get a chance to bid it and we were not permitted to bid it.

Q. Now have you had any other instances where your company has not been allowed to submit a bid in connection [fol. 3263] with central station protection service?

A. Yes, we have had others. I just can't put my

fingers on them. I think one was Bond's Clothes over here. And at one time we were told that we couldn't submit a bid at Hart, Schaffner and Marx over here. But then I got around that a little bit, but I never got to submit the bid any way.

Q. You did or did not submit a bid?

A. We did not submit one but I thought we were going to be permitted to submit one the time the contract was to be raised.

I think they must have just used us as a whip to lower the price because I went up there two or three different times to meet with the manager and submit a bid but I was never permitted to submit the bid and I think our competitor knew I was there and he used me as a whipping boy to either lower the price or to keep it from escalating. We find a lot of that. In fact, I have a way of combatting it now that I hope will put a stop to it.

Q. What is that, sir? What way have you developed to try to combat it?

A. I have developed a good faith contract, is the way I put it to the customer and I haven't been very successful with getting them to, but I am going to work on it more

in the future. I think it is just like anything else, it is largely a problem of selling it.

Q. What is the nature of that agreement, sir?

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A. When they ask for copies of our contracts, I was rather hesitant about bringing this one along; but I assumed that they knew about it so I thought I better.

[fols. 3264-3266] Q. You say "they." Who do you mean by "they," sir?

A. ADT. It is a very simple contract which we typed up ourselves, as you can see. If you want me to read it into the agreement, I will.

Q. First, sir, would you tell us why your company devised such a contract? A good faith contract?

A. Well, as you know, we have the schedule of what we tried to get for protection. And then there was so much chiseling on the price any more. They give me the story: Booher, you are local and we would like to give you the business, but ADT has revised their price. They have lowered their price.

* * * * * * *

[fol. 3267] Q. Sir, when you were engaged solely in the local alarm business, before you installed your central station, did you discuss with any customers that they wanted or needed or required central station protection service?

A. Oh, yes. You always do with the local accounts. You run into these that the insurance company demands that they have central station.

Q. What do you do in those instances where you were approached by those subscribers who told you that they needed or had

Page 45

to have central station service?

A. Well, I worked as hard as I could to convince him he didn't need it, but if I found I couldn't, then I told him the only place to go was ADT.

[fol. 3268] Q. And you did refer these accounts to ADT during that period of time?

Mr. Williams: Object to the form of the question. Please define what you mean by the word "referred."

A. Oh, yes.

Q. You referred these subscribers at places where you were attempting to sell a local alarm who insisted that they wanted central station service?

A. Yes.

Q. You referred those potential subscribers to the American District Telegraph?

A. Yes, we told them it was the only central station available; ADT. And if any of the places where we furnished patrol service, that they wanted to eliminate our guards and go to patrol service, we told them that the only way we would furnish them patrol service was if they had central station service of their fire or waterflow. And I can think of a number of those, way back years ago. For example, Gebhart Folding Box, when they wanted to eliminate their watchman over there, they called us over on how to do it. We get many calls like that on our watchman service and in the electric protection service.

And we told them that we could give them four or five tours a night through the tour patrol man and that we could, if they approached their insurance company, that it would be acceptable provided they used a sprinkler system. You see in a corrugated cardboard box plant, or any place where they have corrugated material, if you have a leaking sprinkler it will lift the roof off and push out the walls before morning. And so there we told them they would have to have the sprinkler. We considered that a bad risk, and so when we put it on patrol we recommended the sprinkler be supervised, and so forth.

[fol. 3269] Q. And during that period, were you referring those subscribers——

A. ADT.

Q. Now, sir, since you have been in the alarm business of any kind herein Dayton, has the American District Telegraph Company ever referred any local alarms to your company?

A. Yes. Way back when we first started in we would get a referral once or twice.

Q. What time was that, sir?

A. I would say roughly 'forty-eight ('48) to 'fifty ('50). Back in that area.

Q. Did you receive very many referrals from ADT during that period of time?

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A. Not any that they could help or could sell central station to. When they used to have a fellow here that to me was tops. Mr. Fosmeier. Once he gave up selling central station they had been run through the wringer. There was no change of their ever going central station. And we used to get it when he would refer one, like Gebharts, he would reciprocate once in awhile.

Q. And refer local alarms to your company?

A. Yes.

Q. And it was both ways with you?

A. Before I referred anything to them I put them through the wringer to sell local and before he ever referred to me they had been put through the wringer to sell them central station.

• • • • • • •

[fols. 3270-3271] Q. Could you tell us approximately how many of your local alarms, which your company furnished local alarm service to, have changed to central station service with your

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company since you have been in the central station business?

A. Not exactly, but as an estimate I would say one hundred and fifty (150).

Q. And your central station was established and operating in the year 1957, is that right?

A. Yes, that is correct.

• • • • • • •

[fol. 3272] Q. I believe you stated this morning that in 1947 your firm was offering only local burglar alarm protection?

A. Yes, in 1947 we were offering only local burglar alarm protection.

Q. And that in 1955 you commenced planning for central station business?

A. Yes, that is correct.

Q. And what type of alarm service were you furnishing, in addition to local burglar alarm service, in 1955?

[fol. 3273] A. None.

Q. Nothing other than local burglar alarm service?

A. Wait a minute. In '55 we started furnishing local with connection into answering service until we could build the central station. We were only issued local certificates. We were only approved for local.

Q. Now was that your telephone answering service?

A. No.

Q. Whose was it?

A. Well, a fellow out of Cleveland by the name of Keeneman owns it, but he had an operator here by the name of Dorothy Focht. She is the manager here for him and she is the one who made the business for him. He never did

anything but own it.

Q. And would you describe to us how that particular operation was set up and how it works?

A. Well, we had Potter. We bought one Potter six-position McCulloch. You know, boards with sixteen positions of burglar alarm direct wire on top the board. So that we could use approved equipment right to start with. We didn't accumulate a bunch of junk which we wouldn't use once we had the central station built.

And we had anticipated that it would take us three years to get enough business to warrant the change into operating our own central station, but we found that about the end of the second year we were outgrowing the darned thing tremendously. We had rewired the board and made it a twelve (twelve) position and had rewired the direct wire positions and made it a thirty-two (32) position direct wire, the number which we had to convert from local to central office, as they found out we were available to give a record of what time people opened and closed, and [fol. 3274] so forth, it greatly exceeded our expectations.

Q. Was the telephone answering service personnel on duty 24 hours a day?

A. Oh, yes.

Q. Did you have personnel who would respond in the event of

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an alarm condition?

A. Oh, yes.

Q. Did the telephone answering service have a direct line to Police and Fire Departments?

A. Yes, that wasn't required, but we did have. So we were stopped on it because we didn't want any criticism that would backfire on us. You people here realize we had it and a lot of criticism just meant inquiries. This is not the thing which helped us tremendously.

Q. Was the response time of your personnel at this time within the limit which it is now?

A. No, it was an inferior service. You can't—this is what I tell them in our office, as well as to your people. You can't provide, and this is what we realize, which was brought home to us graphically after we had this slip-up. You can't provide central station service out of an answering service.

Q. Did you make a record of openings and closing times?

A. Oh, yes. We gave them that service.

Q. Did you have arrangements whereby authorized persons could enter the premises after hours?

A. Oh, yes.

Q. And would a record be made of those entrances?

A. Yes.

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Q. In what respect was this operation different from the usual central station operation?

[fol. 3275] A. Well, the operators didn't work for us. They worked for them.

Q. Meaning they were employees of the telephone answering service?

A. Yes. Employees of the telephone answering service. Now today we operate our own, in our own company. But the alarms come first. We have separate operators on for both.

Q. In 1955, with the telephones answering service, did the alarms have priority at that time?

A. No. They were supposed to have, but they didn't have.

Q. Did you have instances of alarms failing to be transmitted?

A. No, but we had instances where they didn't give us the openings and closings, and so forth.

Q. Did you consider that to be a central station operation?

A. Yes. Well, just a minute here. How do you mean that?

Q. Let's go back on the record. Did you hold it out to the public as a central station burglar alarm and fire alarm operation?

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A. We held it out to the public that we would, as soon as our volume was great enough, we would put in an approved central station.

Q. Did you advertise in 1955 and 1956 that you had a central station alarm operation?

A. I can't remember just how we advertised it. This is what I told people when I called on them, that we gave them central office service although we didn't have an approved central station yet.

(At this point Mr. McHugh entered the room.)

A. We didn't mislead anyone that we had approved central station, although we were providing the service. [fol. 3276] Q. Have you advertised in the classified telephone directory for some time, sir?

A. Yes. Ever since we have been in business.

Q. And you advertised in 1955 and 1956?

A. Yes, that's right. I don't remember just how our ad was.

Q. Did you also advertise under the name Ace Burglar Alarms?

A. Oh, yes. That is a brand name which we used to advertise when we had only local burglar alarms.

Q. I show you a page from the Dayton classified direc-

tory of 1956 and ask you if that is your advertisement? That is, Mr. Booher, it was placed by your company?

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A. Yes, that's right. Central station electric protection service, 24 hours, day and night. Even when we had local.

Mr. Williams: Could we have this marked as Defendants' Exhibit I, please?

A portion of a page of a telephone directory affixed to a larger sheet of paper was marked Defendants' Exhibit I.

Q. Sir, at the time this advertisement was inserted, did your firm have a central station?

A. Well, it depends on what you classify as a central station. We had central station operation out of the telephone answering service.

Q. Did you provide substantially similar services to that which you are providing today?

A. Yes. It provided similar service but of an inferior nature. Let's put it that way.

Q. Inferior in what respects, sir?

A. Well, we didn't have our own operators.

Q. In other words, they were not employed by you directly?

A. Not directly employed by us.

Q. Did you have your own installation of equipment on subscribers' premises?

[fol. 3277] A. Oh, yes. We have always had all our own installers and

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guards and service men, but when we were in the telephone answering service we didn't have our own operators. If it hadn't been for that we could have gotten credit for that operation with the insurance people. We could have put our own operators in there and gotten the credit even with the equipment put in telephone answering. This is what we thought we might have to do before we built the central station. However, the volume wasn't great enough.

Q. In other words, the only difference between the service that you are rendering now and the service that you were rendering through the telephone answering service

was the fact that the board operators were not directly employed by your company?

A. Well, we are in a better building today and our overall operation is much tighter.

* * * * * * *

[fol. 3278] Q. Sir, does your firm presently furnish direct connection or remote station alarm systems?

A. Yes, sir.

Q. In what area area do you furnish these, sir?

A. Well, in the almost entire Miami Valley area here. We go as far south as—well, southwest as far as Middletown, and as far south as Lebanon; as far east as Springfield and

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as far north as St. Marys.

Q. Are these services sold by your firm on the same basis as your central station services? That is, an installation charge, plus monthly service charges?

A. Well, monthlies or more. On that type service.

Q. How long has your firm been furnishing this type service, sir?

A. I can't tell you the exact date, but we have had them, I guess, ever since I would say 1948 and 1949. It might even be '50.

We used to have calls for these things and we would tell them we couldn't provide them. And as things got more competitive with you people we decided rather than leave business to you, you drive us to providing them for them.

Q. Did you provide both fire and burglar protection by means of this remote station equipment?

A. Yes.

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Q. Now this morning, sir, you testified that the State of Ohio liquor stores were protected at one time by American District Telegraph Company?

A. Oh, yes.

Q. What type protection was that, sir?

A. Well, central station and some locals where they couldn't provide central station service.

[fol. 3279] Q. Did there come a time when the Ohio liquor stores changed to all local protection?

A. No.

Q. Did there come a time when the State of Ohio dropped all electric protection for its liquor stores and attempted to rely on insurance instead?

A. Oh, yes. It hasn't been very successful.

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Q. Are there any telephone answering firms in this city today which are furnishing some type of alarm service?

A. Not to my knowledge at this time. I had better qualify that a little further. I think there is going to be the Diebold Company, has worked out an arrangement with the National Telephone Answering Exchange to run their alarms nationally into T.A.S. Companies.

Q. This is going to be done in every city where Diebold operates?

A. Yes. Every city where your people operate.

Q. Where Diebold operates, excuse me?

A. Well, Diebold, yes.

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Q. Who has more subscribers in Dayton for central station, you or ADT?

A. I think we probably have most of them. I can't——

Q. That would be in 1947?

A. Yes. Now how many you had they didn't tell me about, I don't know.

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Q. How many banks do you protect in Dayton, sir? Just approximately.

A. Twelve or fourteen. That might vary.

Q. That is including branches, and things like that?

A. Well, yes.

[fol. 3280] Q. How many, approximately, banks are there in Dayton, including branches?

A. Winters has thirteen. I don't know. We have only two of the Winters protected.

Q. Who protects the others?

A. They have none.

Q. Does your firm protect a majority of the banks and branches in Dayton?

A. Yes.

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Q. What is the requirement of the National Board of Fire Underwriters with regard to ownership of fire alarm equipment installed on subscribers premises?

A. Must be owned and maintained by the alarm company.

Q. Does the Underwriters Laboratory have a similar regulation with regard to burglar alarm installations?

A. Yes, they do. And this is one case where I am sympathetic possibly to your company, because I can readily see why.

Q. This is an extremely beneficial rule, is that right?

A. Well, it is beneficial to the insurance company because

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then it is competent in operation, and efficient.

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Q. Sir, in the past five years has your central station business been in an upward or downward trend?

A. It had to go up, or quit.

Q. Has it gone up, sir?

A. Yes. It has gone up. Just like I told Fosmeier years ago when we were local, selling alarms educates people to the need for them.

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Q. What is the difference in functioning between a central station burglar alarm and what you call the combination central station local?

[fol. 3281] A. Well, it is what transmits your fire alarms on. Our particular one we use, there are a number of different ones on the market, the one we use transmits

across into the central office first and then the bell rings normally, in that sequence.

Q. First you get the signal, then the bell?

A. Then the bell rings.

Q. What is the purpose of that sir? Why have the bell, is what I mean?

A. Personally I feel that we are in the protection business, rather than the catching busines, and in an area in the county and where there is a lack of police protection we try to put this in because we feel our first duty is to prohibit our subscriber having a loss and we try to put this in every where outside of the city where we possibly can.

Q. And the reason for that is what?

A. We want to keep the subscribers from having a loss.

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Q. And you feel that the bell reduces that risk?

A. We feel that it frightens him away in eighty to ninety percent of the cases. If he is bold enough to work there with the bell ringing, he will still be there when the police get there twenty minutes later, usually.

Page 133

Q. In addition to that, however, there is also an additional element of effectively frightening the intruder away, and that is also a selling point, is it not, Mr. Booher?

Page 134

A. Yes, it helps to some extent.

Q. As any bell does?

A. Well, if I thought locals were all that was necessary we certainly wouldn't be in the central station business. [fols. 3282-3283] Q. You sold bells locally, however?

A. Yes.

Q. And some people think they are effective?

A. Well, you don't have many of those. Largely it is a question whether they can afford central station or not.

Q. They are buying something, aren't they?

A. Oh, yes.

Q. They are not buying anything that is worthless?
A. No.
Q. They are buying something that serves a function and operates as it is intended, when it is supposed to operate?
A. Right. That is very important to us.
Q. Well, it does furnish protection?
A. Yes, I think so.

[fol. 3284] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 319

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff

vs.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, *defendants*

Deposition of JAMES H. BRAY, ALARM SIGNAL COMPANY OF TEXAS, 203 EAST EAGLE STREET, PASADENA, TEXAS.

Page 2 By Mr. Williams:

Q. May we have your full name, sir?
A. James H. Bray, B-R-A-Y. James Houston Bray.
Q. And could we have your home address?
A. 601 Brook Lane, Pasadena, Texas.
Q. Mr. Bray, are you connected with any company that furnished electrical protection service?
A. Yes, the Alarm Signal Company of Texas.
Q. Where is that company located?
A. Our home office is in Pasadena.
Q. Is that a corporation, sir?
[fol. 3285] A. No, it is an individual ownership.

Q. Are you the sole owner?

A. Yes, sir.

Q. Are you responsible for all of the business affairs of that corporation, or the conduct of its business?

A. I suppose you would say yes.

Page 3

Q. How long has that company been in business, sir?

A. In the rental and lease end of it a little over four years.

Q. And what type of service does it furnish, sir?

A. We furnish central station protection in the Houston, Harris County area, and direct connected protection in some twenty-five towns.

Q. Are those twenty-five towns in the State of Texas?

A. With the exception of about four.

Q. What types of central station service do you furnish, sir?

A. Burglar, fire, sprinkler supervisory, water flow alarm and holdup alarm.

Q. You mentioned there was another type of business that was conducted by this company prior to about 1950?

A. We sold alarm systems outright to homes, hospitals and nursing homes.

Q. Were those mainly fire alarm systems?

A. Yes, fire alarm systems.

[fol. 3286] Q. Do you engage in that business any more?

A. Yes.

Q. Where is your central station located, sir?

A. 203 East Eagle, in Pasadena.

Q. And where, in general, are the subscribers to your central station located? In the Cities of Pasadena

Page 4

and Houston?

A. Pasadena and Houston, yes.

Q. Will you describe for us, sir, the operation of your central station, how it operates and the people that you have there?

A. Well, we have operators on duty that receive and monitor signals and they also have other duties of answering the telephones in conjunction, during the day, when that is—well, during the day that is their business to answer

the phones, and we have an additional operator to monitor on our remote panel across from our office, across the street.

Q. Is your central station operated twenty-four hours a day?

A. Yes, sir.

Q. And could you explain to us what happens when a burglar alarm signal is received on your panel?

A. Yes.

Q. What action your company takes?

[fol. 3287] A. Yes. We dispatch the police in the respective city, and dispatch one of our combination servicemen-runners.

* * * * * * *

Q. What type of connection does your central office have to the police station?

A. Not any. We just dial the telephone on the police. We have direct connection for fire though.

Q. Will you explain what you mean by direct connection?

A. We have two pairs of telephone lines leading from our central station, leading to the Houston Fire Department. One is to transmit a coded signal that has been assigned by the fire department with a specific number, and the other is just a voice communication. When you lift the receiver it rings directly.

Q. Is that voice circuit used to confirm the code signal generally?

A. Well, we give the location, and of course, they are assigned a box number.

[fol. 3288] Q. Let's go to your central station burglar service. How long have you rendered that type of service here?

A. Around four years.

Q. And will you describe to us what the physical set up is, and how the subscribers' premises are connected to your central station?

A. They are connected by means of leased telephone

pairs, and there is two methods. Number 1, we use a direct pair of lines, which we refer to, or commonly refer to, I

think they are referred to in the industry as direct line. That is where no one is on the line except this particular subscriber. Number 2, we have a loop circuit, like leading into Houston, where we will hook say fifteen subscribers over one pair of telephone lines with coded numbers. I am saying that is usually about the maximum you could put on a line.

Q. In servicing that type of subscriber, sir, do you have coded transmitters?

A. Yes.

Q. On the subscribers' premises?

A. Yes.

Q. And is that done where you can distinguish which particular subscribers' signal is being received?

[fol. 3289] A. Yes, different numbers.

Q. What type of central fire alarm service do you render?

A. Automatic fire detection of various types, like pneumatic tubing, or heat actuated devices, sprinkler supervision, water flow alarm is fire alarm service as far as we are concerned, and that would more or less somewhat cover it.

Page 7

Q. Does your firm also supervise sprinkler systems?

A. Yes, complete sprinkler supervisory.

Q. That would include gate valve supervision and temperature supervision?

A. Yes, every type of supervision.

Q. Sir, you stated earlier that your firm furnishes direct connected service in some twenty-five cities. Could you describe to us how that type of service operates?

A. Oh, it is practically the same type of operations, only the fire alarm equipment, receiving equipment, is monitored by someone on duty at the fire department, and likewise the burglary alarm would be monitored by the police department.

Q. Do you furnish any of that type of service in the Cities of Houston or Pasadena?

A. No, sir, it is not permitted in Houston.

Q. Is it permitted in Pasadena?

[fol. 3290] A. Yes. In fact, there is one company, that is one subscriber, out there that we did furnish it to until we built our central station.

Q. When did you build your central station, sir?

A. Four years ago this past January we opened it up.

Page 8

Q. Where did you obtain your equipment for your central station?

A. Potter Electric Signal and Manufacturing, in Saint Louis, Missouri.

Q. And do you also obtain your subscriber equipment from Potter?

A. Yes.

Q. Do you have any other sources of supply?

A. Yes, there is many sources that could be added. We use mostly Potter, but we have bought some equipment from Central Session Signals in New York, very little; we bought some recently from Morse Signal Company on the West Coast, but basically it is Potter.

Q. Sir, did you bring any figures with you today that would indicate the number of subscribers you have for the various types of protective service your company furnishes?

A. I did, and I can give you something on that. May I

[fol. 3291] Page 9

ask this?

Mr. Williams: Let's go off the record a minute.

A. All right, okay.

Mr. Williams: And we can just talk for a minute.

(Discussion off the record.)

Mr. Williams: All right, back on the record.

A. Sixty-three fire alarms subscribers.

Q. This is central station fire alarm subscribers?

A. No, central station and direct connected.

Q. And direct connected?

A. Yes.

Q. Okay.

A. This doesn't seem right to me. I believe there is more, but this is all she has listed. In fact I am almost certain she has not listed some.

Q. What do you think is a probable correct figure?

A. Oh, I would say twenty per cent more than that. Now, I am guessing. Twenty or thirty burglar alarm accounts.
Q. Central station?
A. I would say around twenty of those are central station.
Q. And the remainder direct connected?
A. Direct connected or local.
Q. Uh-huh. Now, in the fire alarm accounts, have you

[fol. 3292] Page 10

included water flow?
Q. In there?
A. Yes.
Q. And does that also include sprinkler supervision?
A. Yes.
Q. Those are your presently existing accounts and subscribers?
A. That's right. That doesn't include outright sales of fire alarms. Tha. is where we have got lease and rental contracts.
Q. Yes. Does your firm install and lease local burglar alarm systems?
A. Yes.
Q. And would you have those subscribers included in the

Page 11

figures you gave us?
A. Yes.
Q. About what proportion of your burglar alarm customers are central station customers, a half or a third?
A. Oh, I would say sixty per cent of them are central station ustomers.
Q. Do you have a figure that would show your gross revenue from your electric—from your subscribers services for last year?
A. Not for 1961, we don't have it. That was in the process of being worked up, but I have it for '57, '58, '59 and '60.
[fol. 3293] Q. All right. Could we take those in order then?
A. Yes.
Q. Starting with '57.
A. '57, sales, service and rentals—you mean all told?
Q. Can you split the sales separately?
A. No, we haven't got them that way.

Q. All right.

A. Sales, service and rental in '57 was forty-six thousand nine hundred and ninety-eight dollars fifty-eight cents. Do you want the operating profit and loss in that too?

Q. Not at this moment.

Page 12

Q. Let's take the '58 figures next.

A. '58 is one hundred five thousand two hundred eighty-eight dollars seventy-four cents; '59 was one hundred forty-five thousand three hundred eleven dollars ninety-cents——

Mr. Story: Excuse me. What was that last figure?

A. One hundred forty-five thousand three hundred eleven dollars and ninety cents; 1960, one hundred eighty-three thousand two hundred seventy-one dollars twelve cents.

Q. All right. Could you estimate for us, sir, what percentage of those figures were derived from installation and lease of alarm systems?

[fols. 3294-3295] A. You mean from year to year?

Q. Yes, your best approximation that you can make.

A. Well, now, this is just strictly out of the blue. I am just trying—I would say '57 is probably fifty per cent of the figure that was sales, and fifty per cent of it was—no, I would say seventy-five per cent of it was sales and twenty-five per cent of it probably service and rental, and off hand I would say it would run around seventy-five per cent sales and twenty-five per cent—or, say seventy-thirty, on the rest of it, sales versus service.

* * * * * * *

[fol. 3296] Page 17

Q. Is it the practice of your company, sir, to retain title to the alarm equipment that is installed on subscribers' premises?

A. Yes, it is in the majority of the cases, I would say.

Q. Has that been the usual practice of your company since it started furnishing electric protective service?

A. Yes, and I might add that you have to do it to meet the requirements.

Q. What requirements are those, sir?

A. The requirements of your Pamphlet 70, or 72, or whatever it is.

Q. 71?

A. 71 rather, this this equipment has to be installed and maintained by someone qualified. That is the Stated of Texas requires it.

Q. And in your situation, Pamphlet 71, are you referring to that which is published by the National Board of Fire Underwriters.

A. Fire Underwriters, yes.

Q. Does that pamphlet set forth the technical standards for the furnishing of central station electric protective service?

A. That is right, yes.

[fol. 3297] Page 18

Q. Is your central station itself approved by Underwriters Laboratories?

A. It is not, but it is by Factory Mutual.

Q. It is?

A. Yes, it is.

Q. Is Factory Mutual an insurance organization that is concerned primarily with fire alarm services?

A. I would say primarily water flow alarm and sprinkler supervisory.

Page 19

Q. Would you say that the majority of your local burglar alarm systems are certificated?

A. No.

Q. A minority of them?

A. A minority of them.

Page 23

Q. Have you had any difficulty in the past, or since you opened your central station, in obtaining types of alarm equipment that you wanted?

A. None whatsoever.

Q. You stated earlier that your firm does some government work. What type of systems have you installed on government jobs—I mean is it fire alarms, or—

[fol. 3298] A. Yes, and we have installed—they refer to

them as anti-intrusion alarms, but actually it is burglar alarms. We have installed both, and also manuel pull boxes, which would be comparable to a municipal system.

Q. Have those jobs been done here in Texas?

A. Yes, and also in several other states.

Q. Are those central station jobs?

A. I would refer to them offhand as a proprietary installation, where it goes back to possibly the fire department.

Q. Would that be true of the anti-intrusion system?

A. Yes. It goes back to security headquarters, and sometimes goes to the fire department.

Q. On your commercial central station subscribers, I take it they are connected to your central station by leased telephone pairs furnished by Southwestern Bell?

Page 24

A. Yes.

Q. Have you had any difficulty in obtaining wire facilities in Pasadena and Houston?

A. None whatsoever.

Q. Is it your company's practice, Mr. Bray, to remove your equipment from the subscriber's premises if and when [fol. 3299] his contract with you terminates?

A. Yes, if and when it is terminated, yes.

Q. How long has your usual term of contract been for?

A. Five years, but we do—we will let them pay, of course according to the size of the installation,—we will let them pay for it on time.

Q. Are the majority of your central station contracts written for a five year term?

A. Yes, I would say the majority of them are.

Q. Is it the practice of your company to make an installation charge for equipment, that is the equipment installed on the subscriber's premises?

A. Yes.

Q. Could you tell us generally what factors go into making up that installation charge?

A. You mean the normal method of an installation?

Q. Yes.

A. Well, if it is—usually it is the equipment cost, and then your conduit and fittings, and then your

Page 25

labor, which is governed, of course, as to the structure of the building, and et cetera, and if we can get additional for overhead we add that to it also, and that is your usual [fol. 3300] method of arriving at an installation cost.

Q. When does your company obtain its installation payment, that is payment for its installation?

A. Upon completion and acceptance of the job, if it is an approved job. Upon the approving of it or the acceptance by one of your rating authorities, or if it is not then it is upon completion, or when it is put into service.

Q. Is it the common practice of your company to obtain payment in full at one time?

A. If we can, but otherwise we sometimes finance them.

Q. And for how long a period would you ordinarily finance it if necessary?

A. Up to five years on some, just offhand, if it is a real large installation, and when I say "large", I am thinking in terms of above ten thousand dollars.

Page 27

Q. Have your rates, your monthly or annual service charges generally increased in the last four years?

A. They are going up all of the time.

Page 28

Q. Could you estimate for us, without telling the exact figures, what the approximate percentage of increase has been since you started?

[fol. 3301] A. It would strictly be a shot in the dark, but I would say twenty to twenty-five percent, because we have had minimum wage increases this past year which definitely affected even maximum wages, as far as we are concerned, So I would say it is fifteen to twenty per cent.

Q. And that is over a four year period?

A. Over four years, and some of the customers we signed up four years ago, we are going to have to go up on them maybe seventy-five per cent, because we bid them too low in the beginning to maintain them. Otherwise we will just terminate them ourselves, because there isn't any money in it.

Q. Do you consider the labor costs are a significant part of your charges?

A. Oh, definitely.

Q. Definitely, you say?

A. I would say without exception that it would run never less than dollar for dollar—that is a dollars worth of material and a dollars worth of labor, and you are getting out very light right there.

Q. What other firms in the Houston and Pasadena area

[fol. 3302] Page 29

furnish the same types of service that your firm furnishes?

A. I would say that so far as central station itself, there is only one firm, and that would be McCane-Sondock, but Magnetic Alarm Company has some in the Houston area tied back to an answering service, I believe, but the two principal ones in the area would be McCane-Sondock and the Magnetic, I would say.

Q. Doesn't ADT furnish it?

A. Oh, and ADT, yes, American District Telegraph.

Q. Do you bid jobs in competition with McCane-Sondock and a ADT?

A. I have bid very few, because of the price structure. I mean in central station business. It has gotten to the point that we just occasionally will bid them, but when we do bid them I run into McCane-Sondock more than I do ADT.

Q. Why is that?

A. I don't know whether they have more sales representatives or not, but we run into them more in the Houston area than we do ADT.

Q. You mentioned a moment ago that because of price structure—you said something about that. Would you explain what you mean by that?

[fol. 3303] Page 30

A. Well, for example, as I pointed out to you one time when we were talking about it, it has gotten to the point that they make these installations for far below than what it costs initially, and we are not financially in a position to do a thing like that, and wait three or four years, gamble on three or four years to get your money back.

Q. Who is "they"?

A. Well, primarily—I have only run across ADT very few times, because of the size, and we don't work that much in the Houston area, but I run across Sondock continuously on various jobs.

Q. And it is your opinion——

A. And also Magnetic too. I run across them too.

Q. And is it your opinion that both Magnetic and Sondock are extremely low on their installation charges?

A. I would go so far as to say ridiculously low. They are having to use capital from somewhere. They are not making it on installations. They are taking it, you know, from building up their—from rentals that has been built up over a long period of time.

Q. Have you, however, been in actual competition with ADT itself on some jobs?

[fol. 3304] A. Yes, but very few.

Page 34

Q. And on direct connected service do you sell the equipment outright?

A. No, it is leased only.

Q. And in what general area do you furnish that service?

A. Primarily from Beaumont, Texas, and following the general coastline down to Brownsville, Texas, and the Rio Grande Valley; the Corpus Christi area, and back through there.

Q. Are those systems that you install approved?

A. Most of them are, yes.

Q. And do they entitle the people who have them to insurance discounts?

A. Yes.

Q. Is that primarily direct connected fire alarms?

Page 35

A. Primarily sprinkler supervisory and valve alarms.

Q. And are they connected to the local fire departments in each of these towns?

Page 36

Q. Are any of your current central station subscribers former subscribers of another central station company?

A. Yes.

[fol. 3305] Q. Do you have anyone specifically in mind?

A. Well, it is just a few, naturally, because we only have a relatively few accounts, but Stockham was one of them that ADT had previously. McCane-Sondock had Fingers' account at another location, and we picked up one of those at their location. Offhand I couldn't tell you, you know, specifically about it, but usually we make it a point not to spend our time soliciting another outfit's accounts. We feel there is enough accounts that don't have protection that we can spend our time on.

Q. In other words, there is enough potential in the

Page 37

business in the area for you to spend your time on That?

A. Well, enough potential in the area outside of Houston, the Houston area, because if we would spend it in the Houston area and build it at, or bid it at a proper price, and do a selling job on it, most likely it would go to one of the others because they would cut the price down on it so low that we couldn't touch it. That has been our experience. We feel we should work out of the area.

Q. Do you have any complaints to make about any of the activities of American District Telegraph Company in the Houston area?

[fol. 3306] A. No. I have long said that I honestly believe that lots of this pricing in this cutting has been due to independents and not to ADT, because I don't believe any big company gets big by cutting prices. I think they have been forced to meet this. That is my idea, and I have put it in writing before, because when we get outside of this area we find that the prices are charged that we will say that we could live with, and get by on, and anyone will tell you that you have got to charge to stay in business, and we can do that out of this area, but we come back to this area, where you have an independent—and that

Page 38

is where the thing I commonly call or refer to as the chiseling goes on, but I specifically don't have any particular—of course I have no charges against any of them. If they want to do it, that is their own right, just like Sondock. That is

his right to do it. I am not criticizing him, but I would like to see it where you could build a business.

Q. Do you consider the Sondock Company to be the independent in this area?

A. Yes, the independent central station.

Q. Do you feel that you have ever been involved in a price [fols. 3307-3310] war with ADT?

A. Only once.

Q. When was that, sir?

A. I would say—now, I was not involved in a price war, so to speak, but just that Chase Bag Company would be the only one that the customer has ever dickered back and forth on. They were higher than we were at the time, and that was in New Orleans, Louisiana.

Q. What type—go ahead. Excuse me.

A. And actually the city would not permit direct connected, and that is all we had to offer anyway, so we were really talking about two different things, central station versus direct connected. Anyway, we

Page 39

lost out there, and I will say this in their favor, that after I have had this much experience, justifiably so, I am glad that we didn't go in there on direct connection.

Q. The reason being?

A. The reason being is that by being tied up with a company as big as the Chase was that far away, we are really just spreading ourselves too thin.

Q. You mean as far as maintenance and servicing the system goes?

A. Right.

• • • • • • •

[fols. 3311-3314] Page 49

Q. Mr. Bray, you stated that you installed local fire alarm systems. Does your company still install those systems?

A. Yes.

Q. What is the purpose of a local fire alarm system?

A. To detect a fire in its incipiency and alert somebody that is on the premises, either in the case of if they are asleep to awaken them and get them out, or in the case of

a local alarm in an industrial plant, to alert them at the time of abnormal heat.

Q. Do the insurance organizations here in Texas give any credits for local alarm systems?

A. The stock insurance companies do not, but there are some direct writing companies, such as Millers

Page 50

Mutual, and people like that, and the grain elevator companies, that do.

Q. In those instances, do you have a watchman or guard on the premises in addition to your local alarm?

A. Not as a rule, no.

* * * * * * *

[fol. 3315] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 320

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

vs.

GRINNELL CORPORATION, AMERICAN DISTRICT TELEGRAPH COMPANY, HOLMES ELECTRIC PROTECTIVE COMPANY and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, defendants

Deposition of JOHN D. BROSNAN, Federal Engineering Company, Inc., 1004 Sixth Street, N.W., Washington, D. C.

Page 6

Q. Would you please state your full name?

A. John Daniel Brosnan.

Q. What is your home address, sir?

A. 5410 Connecticut Avenue, Northwest, Washington, D. C.

Q. What is your occupation, sir?

A. President Federal Engineering Company, Incorporated.

Q. How long has the Federal Engineering Corporation been in business?

A. Since November of 1938.

Q. Did there come a time when the Federal Engineering [fol. 3316] Company undertook to furnish electric protection service?

Page 7

A. Yes.

Q. When did that take place, sir?

A. 1946.

Q. Mr. Brosnan, do you have an engineering background?

A. Yes.

Q. Would you tell us what your engineering background has been?

A. I am a graduate electrical engineer, have been employed by Westinghouse Electric Corporation in an engineering capacity, with Federal Engineering Company and I am a registered professional engineer in the District of Columbia.

Q. Mr. Brosnan, when you first entered the electric protection business in 1946, what type of alarm service did your company furnish?

A. It was both local burglar alarm and proprietary burglar and fire alarm.

Q. Since that time, has your company engaged in any other type of protection service?

A. In 1950 we entered the central station protection service field.

Q. At the present time, what types of protection service does your company furnish in the Greater Washington area?

A. On the central station service we furnish burglary

[fol. 3317] Page 8

protection, sprinkler water flow and supervision, automatic fire process supervision.

Q. Is that process supervision generally referred to in the trade as industrial process supervision?

A. That would be correct.

Q. You mentioned that your company originally engaged in establishing proprietary alarm systems.

Were any of these systems sold or furnished to the United States Government?

A. Yes.

Q. What percentage of them, sir?

A. During the time between entering the protection field in 1946 and 1950 when we entered the central station field dollarwise the larger percentage of systems were sold outright to the government.

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Q. At that time, did the District of Columbia allow any alarm systems to be connected to its fire department or police department?

A. To the best of our knowledge, no commercial—distinguishing government from commercial—entities were allowed to connect to either the fire or the police department.

[fol. 3318] Q. Does the District of Columbia allow that type of service today? Commercial direct connected service?

A. No.

Q. Mr. Brosnan, since your company has entered the protection field, have you received the approval from the insurance organizations to conduct approved protection services?

A. During the year of 1953, our central station was approved by——

(At this point the taking of the deposition was suspended for Mr. Conkling to take a telephone call.)

(The uncompleted answer was read by the Reporter.)

A. (Continuing)—the Underwriters Laboratories, Incorporated covering burglar service; The Washington Insurance Rating Bureau covering fire and sprinkler supervisory service in the District of Columbia; The Virginia Insurance

Page 12

Rating Bureau covering automatic fire in Virginia; the Southeastern Underwriters including sprinkler supervisory in Virginia.

Q. Mr. Brosnan, approximately when did you receive the various approvals? During what period of time?

A. The burglary approval was received in June of 1953, the fire approvals for the D.C. Rating Bureau, Virginia Insurance Rating Bureau and the Southeastern Underwriters [fol. 3319] in August of '53, and I believe I neglected to state that we received the approval of Factory Mutual for sprinkler supervisory on automatic fire in September of 1953, and the approval of the Maryland Insurance Rating Bureau was obtained in 1961. It was not approved—pardon me—it was not procured in 1953 as there were so few paid fire departments in the adjacent counties of Maryland that full insurance credit was not warranted until within the last few years. So the delay on the Maryland Insurance Rating for fire and for sprinkler supervision was not arbitrary but up to that time it did not serve a useful purpose in the counties that we served.

Q. Is your central station approved at this time to engage in all types of central station protection service in the Greater Washington area?

Page 13

A. Yes.

Q. Now, prior to the time you received your central station protection service approval, did you have approval for your local alarm services or your direct connected services?

A. We had approval for the burglar alarm local service from 1947 on.

We obtained approval with credit reductions for automatic fire and sprinkler supervisory in the Alexandria, in [fol. 3320] the city of Alexandria from the Virginia Insurance Rating Bureau and the Southeastern Underwriters in 1949.

Q. Mr. Brosnan, how soon after your corporation entered the central station protection business did you start servicing accounts in Maryland and Virginia?

A. Within a period of one year.

Q. Would you give us the address of your central station, Mr. Brosnan?

A. 1004 Sixth Street, Northwest, Washington, D. C.

* * * * * * *

Q. Prior to the time you entered the central station

protection business, had you connected any of your alarm systems to telephone answering services or other supervisory centers?

A. Yes.

Q. Where was that, sir?

A. In the City of Alexandria, we had both burglar alarm, automatic fire and sprinkler water flow tied into the police and fire departments.

In Silver Spring, we had burglar alarms tied into the [fol. 3321] police department.

On proprietary installations sold to the government, it was tied into their own guard office.

* * * * * * *

Q. So you started your central station operation from one subscriber, is that right, sir?

Mr. Conkling: I object to the form of the question, leading the witness.

The Witness: Am I to answer that?

By Mr. Story:

Q. Yes, you can answer it.

A. Well, we started with one subscriber.

Q. Between 1950 when you started your central station operation and the summer of 1953, during which time you were not approved to conduct approved central station protection service, did you lose any prospective protection accounts because you could not furnish accredited central station protection service?

[fol. 3322] A. Yes.

Q. When you first started into the central station protection service business in Washington, did you have any central station competitors?

A. Yes.

Q. What company was that?

A. American District Telegraph.

Q. How long, to your knowledge, had the American Dis-

trict Telegraph Company been operating a central station operation in Washington?

Mr. Conkling: If you know.

The Witness: Can I clarify the question? You mean to my knowledge or how long did I think that they had been

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operating?

By Mr. Story:

Q. To your knowledge.

A. I knew of ADT operating in Washington as far back as 1927.

Q. Between 1927 and today, have any other companies operated a central station service in Washington, D. C. to your knowledge?

A. No.

• • • • • • •

[fol. 3323] Q. Prior to the time your central station was approved did you lose any prospective central station accounts, because you could not render approved central station protection service?

A. Yes.

Q. Prior to the time your central station was approved did you lose any prospective central station accounts, because you could not render approved central station protection service?

A. Yes.

Q. I think you stated at that time that ADT was the only other central station company in Washington?

[fol. 3324] A. Yes.

Q. Did ADT furnish approved central station protection service at that time?

A. Yes.

• • • • • • •

[fol. 3325] Q. After you entered the central station protection business, were you contacted by anyone from ADT?

• • • • • • •

The Witness: After we received our approvals, we were contacted by a representative of ADT.

By Mr. Story:

Q. When was that, sir?

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A. In—it would be in June or July of 1953.

Q. How were you approached by this representative of ADT?

A. By telephone.

Q. What was the name of the individual?

A. Bodely.

Q. How do you spell that, sir?

A. I think it's B-o-d-e-l-y.

Q. Do you recall his first name?

[fol. 3326] A. His nickname is Jake, and I think his initials were J. B.

Q. What was his position with ADT?

A. He was a District Manager.

Q. For what area, sir?

A. He covered the District of Columbia, Virginia, a part of West Virginia, a part of Pennsylvania, Delaware and Maryland.

Q. What did Mr. Bodely say to you over the telephone?

A. He invited me to lunch.

Q. Did you attend that lunch?

A. Yes.

Q. Was there anyone with you?

A. No.

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Q. Where did the luncheon take place?

A. Statler Hotel.

Q. Would you tell us the substance of the conversations that took place at that meeting concerning the electric protection business?

A. That meeting Mr. Bodely questioned the wisdom of our getting into the central station business. He was complimentary as to the character of the expected competition. He expressed the general hope that a resulting competitive

situation would not cause a deterioration in the Washington [fol. 3327] area similar to that which had in the past occurred in St. Louis.

A general discussion as to the wisdom of not openly soliciting each other's accounts to the extent that it would require one or the other to replace identical protection to render the same service, and an accompanying general discussion of the entire central station industry.

• • • • • • •

Q. Mr. Brosnan, tell us what, in more detail what Mr. Bodely had to say about the situation in St. Louis.

A. Mr. Bodely recognized that I had some background of the industry and he was drawing to my attention the idea [fol. 3328] that a highly competitive market could develop into a lack of benefit to all involved, and, without emphasizing the fact, I feel that he appreciated that I understood of what he spoke.

Q. Did you know anything about what was occurring in St. Louis, Missouri at that time?

A. I knew what had occurred in St. Louis.

Q. What had occurred out there?

A. There was a long protracted battle between the local central station and ADT which created a very difficult situation for the local company.

• • • • • • •

[fol. 3329] By Mr. Story:

Q. Mr. Brosnan, did you have any knowledge as to what was going on in St. Louis, Missouri?

A. I had—

Q. Between ADT and the central station protection competitor out there?

A. I cannot testify as to the exact conditions that had existed in St. Louis. I only had sufficient knowledge of it to recognize that I at that time was being informed that it would be well to avoid a repetition of whatever the

conditions in St. Louis had been in the Washington area by

any actions on our part. That's the extent of my relationship to the St. Louis situation.

Q. What did Bodely convey to you during this luncheon meeting concerning the central station business here in Washington?

A. It was his effort to impart to me that central station prices should remain at a level commensurate with what they had been in the past, as that represented a fair value for the service rendered.

Q. Did he mention anything about prices during this meeting?

A. No.

Q. You mentioned that he said something about each company not soliciting the subscribers of the other company. [fol. 3330] Could you tell us in more detail what he had to say concerning that?

A. That was a joint discussion which I entered into as well as he did in that if they were rendering a burglary service to a subscriber, it would not be in our interest to solicit that subscriber with the end result that they would have to remove their protection, that we would have to install our protection, and take over the revenue on the account.

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He pointed out that such a policy would be basically unwise in an expanding area where the same effort could be put forth on a subscriber without any central station service toward the end of converting him into a central station subscriber.

In other words, the sum of that phase of the conversation was that from a business standpoint it did not make particularly good sense to attempt to raid each other's accounts.

Q. Was there any agreement or understanding reached at this meeting between your two companies?

A. As I have stated, in that portion of the discussion, I entered into it, and as a result there was no flagrant attempts to raid each other's accounts.

Q. Thereafter, did your company solicit any of the central [fol. 3331] station accounts of ADT?

A. No.

Q. Thereafter, did ADT solicit any of your accounts, to your knowledge?

A. Not to my knowledge.

Q. How long did Mr. Bodely remain in the Washington area as District Manager of ADT?

A. It would be in the summer of 1955 he left the

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Washington area.

Q. Under this understanding or agreement that you had with ADT at that time,——

Mr. Conkling: I object to the form of the question. Mr. Brosnan has not testified that there was any agreement.

By Mr. Story:

Q. After your meeting, Mr. Brosnan, with Mr. Bodely, the District Manager of ADT, did your companies have any agreements or understanding concerning the solicitation of each other's accounts?

A. By word, there was no agreement; by action, an understanding apparently existed.

Q. So that you say there was an understanding between your company and ADT; is that right?

Mr. Conkling: Now, I object to the form of the question. [fol. 3332] He didn't say that. He said something about apparently there was something or other.

The Witness: An understanding that is carried out by practice can in time be recognized as a working basis.

By Mr. Story:

Q. It is a fact, is it not, Mr. Brosnan, that the practice of soliciting each other's central station protection

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accounts was discussed at this meeting?

A. That is correct.

Q. Thereafter, did your company solicit any of the protection accounts of ADT?

A. No.

Q. To your knowledge, after this meeting, did ADT solicit any of your accounts?

A. No.

Q. What happened, Mr. Brosnan, whenever a customer, a central station customer of ADT called your company and requested a bid?

Mr. Conkling: I object to the form of the question, unless you establish that any such calls were made.

By Mr. Story:

Q. You may answer, Mr. Brosnan.

A. On calls received from ADT subscribers soliciting a [fol. 3333] proposal toward the changing of the service, we would make a survey and present a proposal which represented a fair price for the installation, allowing for any contingencies that could exist such as the necessity of putting watchmen or guards on the premises during the period that protection was out of operation, and presented a fair rental figure, but in all cases a change of the account would represent a

profitable move from our standpoint.

And in all instances, our prices precluded the subscriber giving up ADT and joining us.

Q. On the surveys and bids that you submitted to any existing ADT central station account, were those prices higher than the prices that you would use when you were soliciting a new prospect?

A. They were the prices we would like to get on any account we solicited and by that nature they were higher than competitive prices submitted to a new account.

Q. During this first meeting with Mr. Bodely, were prices——

Mr. Conkling: Has there been testimony as to more than one meeting?

Mr. Story: I'm talking about the first one, sir. If you'll let me finish my question.

By Mr. Story:

[fol. 3334] Q. During this meeting with Mr. Bodely, were the prices of central station protection service mentioned or discussed all during this meeting?

A. Not specific prices.

Q. What was said concerning prices, sir?

A. The reference to prices was only on prevailing rate

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structures which I would presume that Mr. Bodely assumed that I had a fair concept of.

Q. Did you discuss your prices with Mr. Bodely?

A. No.

Q. Can you tell us whether or not he had anything to say concerning your prices?

A. He was quite definite in suggesting that our prices be kept up. So I would assume that he had knowledge of the price structure we were using, which was below theirs.

Q. Was your price schedule satisfactory to Mr. Bodely?

Mr. Conkling: I object to the form of the question.

By Mr. Story:

Q. You may answer, Mr. Brosnan.

Mr. Conkling: He said that—the man testified that he did not mention his prices to Mr. Bodely.

By Mr. Story:

Q. Do you recall the question, sir?

[fol. 3335] A. Could you repeat it?

Q. Did Mr. Bodely say anything at that meeting to indicate to you that he was dissatisfied with your price structure for central station protection service?

A. He was either very dissatisfied with his knowledge of our rate structure or fearful of what it would be.

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Q. You say that he mentioned or indicated that he was dissatisfied. What did he say, if anything, specifically concerning your price structure?

Mr. Conkling: I object to the form of the question. Mr. Brosnan said in that last answer that he thought Mr. Bodely was either dissatisfied or fearful. I don't think you can assume on this question that he says that Bodely was dissatisfied, unless Mr. Brosnan is able to clarify it and say one or the other.

By Mr. Story:

Q. Would you clarify that for us, Mr. Brosnan?

A. To clarify it, I have to get back to what our rate structure was during the years of operation when we did not have approvals. At that time our competition with them was mitigated or nullified by the fact that we could not compete on the same basis.

This meeting with Mr. Bodely occurred immediately after we had obtained the approval of the Underwriters Laboratories for burglary only. We had not received the ap- [fol. 3336] proval of any fire bureaus, and at that meeting it appeared to me to be Mr. Bodely's intent that we would arrive at a rate structure somewhere in the neighborhood of their prevailing rate structure, which was now to be based on the

equivalent services.

Therefore, the discussion at that time was by its nature general in that the record of the past could be revised; that is, our record of rate structure could be revised or could be maintained.

If it were maintained, it would be to his displeasure, and at that meeting it was not the occasion for him to be critical of our rates based on approved systems.

Q. After you received your approval to conduct certificated burglar alarm service, did you increase your rates?

A. On certificated service there was an increase in rates over what previously had been noncertificated service.

Q. After this meeting, sir, did you have any other meetings with Mr. Bodely?

A. During the period of 1953 to 1955, over a period of about two years, we would meet for lunch about every three to four months.

Q. What would you talk about at these meetings?

Mr. Conkling: I'm going to object to the form of the [fol. 3337] question, unless you establish that they talked about the same thing at all meetings, or let's talk about each meeting one at a time.

By Mr. Story:

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Q. Do you recall the second meeting that you had with Mr. Bodely?

A. Not as a specific meeting.

Q. Can you tell us what was discussed concerning the central station protection business at any other meeting that you had with Mr. Bodely?

Mr. Conkling: If anything.

The Witness: All meetings from that point on were basically repetitive in that he objected to our rate structure being too low for central station services and that in the interest of the industry we would do well to raise it.

That was the consistent theme of all the meetings after the first meeting with Mr. Bodely.

Q. Now, sir, as I understand your testimony, then after your first meeting with Bodely, if an existing ADT central station protection subscriber called you, you would make a bid or proposal.

A. Yes.

Q. Was that subject ever discussed in the meetings that you had with Mr. Bodely thereafter?

A. I can't specifically recall that having been brought up [fol. 3338] at any of the meetings.

Q. Was your company ever accused of breaking that

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understanding that you had with Mr. Bodely at any of these meetings?

A. I can't recall.

Q. I think it is your testimony that Mr. Bodely left the Washington, D. C. area in 1955. Could you tell us who replaced Mr. Bodely in his position after he left?

A. Eugene Heisley.

Q. Approximately when did he arrive in Washington, D. C.?

A. It would be in the summer, probably July, of 1955.

Q. What position did Mr. Heisley hold?

A. Mr. Heisley was District Manager covering the same territorial extent that Mr. Bodely covered.

Q. After Mr. Heisley came to Washington, D. C., did you have any meetings with Mr. Heisley?

A. Yes.

Q. About when was the meeting, the first meeting?

A. The first meeting would coincide with my knowledge of his being here which would have been in July or August of 1955.

Q. Had you known Mr. Heisley prior to the time he came to Washington?

A. Yes.

[fol. 3339] Where did you know him?

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A. He was with ADT while I was still with Westinghouse, which would have put the time at approximately 1936 and '37, and Westinghouse procured from ADT certain items in which I had dealings with Mr. Heisley on the matter of deliveries.

Q. How was this meeting with Mr. Heisley arranged?

A. He telephone me.

Q. Where did you meet with him?

A. The Statler Hotel.

Q. Was this a luncheon meeting?

A. Yes.

Q. Mr. Brosnan, would you tell us in as much detail as you can recall what was stated at this meeting concerning the central station protection business?

A. Mr. Heisley stated that we had been obtaining a larger percentage of new accounts than we as a young company in the central business were entitled to.

He stated that the change was made and he was moved to the Washington area to build up their sales force and take all necessary steps to see that they obtained an increasing percentage of the available business.

I failed to appreciate the approach up to that point, and had anticipated the possibility some year and a quarter

[fol. 3340] before that and had set up a manufacturing business

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wherein I could utilize my surplus central station labor on assembly work. At that point I made quite clear to Mr. Heisley that if he intended to engage in any destructive, competitive activities he was just one year late, because we had a manufacturing company that had turned out in excess of $300,000 of products which he could check through Dun and Bradstreet and that I was prepared to bury every man I had in central station in manufacturing and ride out any possible storm that they wished to create.

Q. What did Mr. Heisley say at that point, sir?

A. Presumably he accepted the fact that we had engaged in manufacturing and his basic attitude changed to the extent that he dwelled more on the development of an enlarged sales organization with sufficient coverage so that they could acquire what they felt was their share of new business.

Q. Were the prices being charged for central station protection service in the Washington area at that time discussed at this meeting?

A. No.

Q. Was any reference to prices made at that meeting to your knowledge?

Mr. Conkling: I'm going to object to the form of the [fol. 3341] question. It seems to me it is repetitive.

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By Mr. Story:

Q. You may answer.

Mr. Conkling: He has just said there was no discussion of prices.

By Mr. Story:

Q. You may answer, if you can recall.

A. No.

Q. Was the understanding which had existed between your company and ADT——

Mr. Conkling: I object to the form of the question. There has been no testimony of any understanding between his company and ADT. There has been some talk about discussions between Mr. Brosnan and Mr. Bodely.

Mr. Story: I haven't finished my question, sir.

Mr. Conkling: I object anyway, as far as you have gone.

By Mr. Story:

Q. Was any discussion held concerning the understanding or the discussions that you had had with Mr. Bodely concerning the refusal to solicit each other's central station protection accounts?

A. Yes.

[fol. 3342] Mr. Conkling: I object to the form of that question.

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By Mr. Story:

Q. What was stated concerning this?

A. I pointed out to Mr. Bodely that in our relationship from the time of our approvals we had avoided——

Mr. Conkling: I think, Mr. Brosnan, you just referred to Mr. Bodely. Did you mean to do that just now in this answer?

The Witness: Can you read back? I mentioned Bodely, yes. You mean, whether I got Bodely mixed up with Heisley?

Mr. Conkling: Yes.

The Witness: I mentioned Bodely, but I intended to—can you read it back?

(The answer was read back by the reporter.)

The Witness: That's right, it should be Heisley. Can you correct that?

I pointed out to Mr. Heisley from the time of our approvals a relationship existed whereby we would not openly solicit ADT's accounts and ADT would not openly solicit our accounts, and he agreed that that was a good, basic policy for any two central station competitors to pursue.

Mr. Conkling: Have you finished your answer?
[fols. 3343-3344] The Witness: (Nodding head.)

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[fol. 3345] By Mr. Story:

Q. Mr. Brosnan, can you recall anything else which was discussed at this first meeting with Mr. Heisley?

A. No, that would be the basic substance of the first meeting.

Q. I can't recall at this time, but did Mr. Heisley make any comments concerning each company not soliciting the existing subscribers of the other company?

A. Mr. Heisley agreed that the policy pursued in the past was certainly a satisfactory one.

Q. After this first meeting with Mr. Heisley, did you meet with him at any other time?

A. The subsequent meetings with Mr. Heisley usually involved some specific occurrence.

[fol. 3346] Page 40

Q. Can you recall the second meeting that you had with Mr. Heisley?

A. The second meeting was after we had acquired the contract for the sprinkler supervision at the Seven Corners Shopping Center in Virginia.

Q. About when was that, sir?

A. That would have been oh, around the fall of 1956; the summer or fall of '56.

Q. Tell us what took place at that meeting concerning the central station protection business?

A. All right.

Q. Excuse me just a moment. Where did the meeting take place, sir?

A. At the Statler Hotel.

Q. Who was present at that meeting?

A. There was Mr. Heisley, there was another man from ADT, the Sales Department, not directly associated with Washington, and he displayed a reasonable indifference to the matters that were under discussion, and Mr. Venners of Federal Engineering.

Q. Do you recall the name of this other ADT representative?

A. No.

[fol. 3347] Page 41

Q. Can you tell us what happened then at this meeting that was discussed concerning the protection industry?

A. We had obtained the contract on the Seven Corners job and the price at which we finally had to take the job was ruinous.

I pointed out to Mr. Bodely——

Q. Mr. Bodely sir?

A. I'm sorry.

(Continuing)—Mr. Heisley that I felt that his conduct and the conduct of his company in that particular case was certainly unbecoming in that a decision as to who was going to get the contract rests in the hands of three parties. And where they had one party on their side throughout the negotiation, we clearly and without question had the other two parties and that they had continued through their party to resubmit and resubmit lower bids with the certain realization that in the end we would have to take it at their prices.

Heisley's defense in the matter was that he wanted the job and he felt that if they continued to go lower and lower that at some point we would have to drop out and they would get it.

He apologized for what he said he then recognized as

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poor sportsmanship in the matter.

[fol. 3348] Q. Can you recall anything else that took place at that meeting?

A. That covered the entire time. That covered the matters pertaining to the central station industry at that time.

Q. Thereafter, did you meet again with Mr. Heisley?

A. Early in '57, and at that meeting it was Mr. Heisley, Mr. Venners and myself, and the particular point of contention at that meeting was that our subscriber Vitro Corporation moved, or rather were contemplating moving into a new building and they had solicited from us the cost of a new system in the new building and had also solicited ADT.

Sealed bids with an informal opening were submitted and we were to—we were given to understand from Vitro that our bid was low and action would be taken on it within a short time.

It is my understanding that ADT was given the same information, whereupon they resubmitted a bid and while it could not be considered we were given to understand that it was substantially below ours.

At this point in the lunch general figures were thrown out on the table and there was no denial as to the

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correctness of the general figures.

Here I vigorously protested that certainly in dealing with any type of professional or semi-professional business or [fol. 3349] industry where they expect that the first bid submitted is the purveyor's best offer that it was not in good grace to attempt, without invitation, to force a rebid.

Here again, Mr. Heisley accepted the full responsibility for the action and agreed and apologized.

Q. Did your company get the protection contract for this Vitro Manufacturing Company?

A. Yes.

This discussion and the one on Seven Corners took place after the contracts were awarded.

Q. Did you change your prices from your first price?

A. No.

Q. As a result of this activity?

A. No.

Q. Did you meet at any other time with Mr. Heisley of ADT?

A. Later in 1957 we met and at that time there was Mr. Heisley, Mr. Venners and myself.

Q. Where was this luncheon held, sir?

A. At the Statler. It looks like we've given them a lot

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of business.

Q. That's the Statler Hotel in Washington?

A. Statler Hotel.

The occasion of that meeting was that one of our subscribers, and I believe we had three different locations

under protection for that subscriber, had contacted ADT [fol. 3350] indicating that they were not satisfied with our service and they would like to make a change.

Q. What was the name of this company, sir?

A. It was L. Frank.

Q. What type of business is that?

A. They deal in ladies wearing apparel.

Both Mr. Venners and myself expressed the feeling that there was nothing that we could do to reconcile the situation that had developed between our company and L. Frank, and from our standpoint had no objection whatsoever to their taking over the service.

That was the extent pertaining to this central station business at that luncheon.

Q. Were the prices charged by your company mentioned at that meeting?

A. I don't believe so.

Q. Was this account, the L Frank stores, discussed

between you and Mr. Heisley at any other time?

A. Approximately two months later we had a luncheon date at the Statler Hotel which involved nothing specific in the way of central station business with the exception that Mr. Heisley had photostats of the L. Frank contracts and asked me if I would like to look at them, to which I indicated that I was not interested in looking at the contracts.

[fol. 3351] Q. Did he tell you the prices he had charged L. Frank?

A. No.

Q. What was the purpose of Mr. Heisley's showing these contracts to you, if you know?

A. I feel that he wanted me to see the contract to point out that they probably obtained the account at a basically good price.

Q. Can you recall attending any other meetings with Mr. Heisley of ADT?

A. In June of '58, I called Heisley. The previous luncheons had always been that he had called me. I told him I wanted to see him, at which time we arranged a luncheon meeting at the Army and Navy downtown Club.

Present at that meeting were Mr. Heisley and Mr. Kaiser, and I think the spelling is K-a-i-s-e-r. Mr. Kaiser

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handled a certain phase of government work for local offices of ADT, and Mr. Venners and myself were present.

I asked for the meeting in that we had installed automatic fire detection systems in the Lee House at Arlington Cemetery, the Lincoln Museum and the House that Lincoln died in, both in downtown Washington, in 1952, and had them as central station subscribers since that time.

The contract for central station service was renewed [fol. 3352] annually at the end of each government fiscal year with a requirement that the government check the open market periodically every three to five years to determine the availability of other services.

In this particular year the government had sampled the market and ADT had submitted a bid approximately a dollar or more below our bids in the previous years and that, of course, was public information as to what we had previously bid.

No one was happy with the situation except ADT in that a change would involve many problems for the government, and I made my feelings quite clear to Mr. Heisley to the extent that I indicated if they were going to the expense of replacing all of our equipment on these jobs that certainly we would have a right to do the same on any other government

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jobs, particularly those government jobs serviced by ADT and where the ownership was vested with the government.

Again Mr. Heisley admitted the whole thing was a horrible error and they would withdraw if the situation could be tactfully presented to them.

It was tactfully presented and they lowered their prices.

Q. How was it tactfully presented, sir?

[fol. 3353] A. From the time of the original issuance of the invitation there were certain features of service added by us for which there was no change in contract price, but included as an additional accommodation to the government.

We pointed out to the government that the bids—correc-

tion, the specifications on which bids had been solicited did not include these additional services and that an addendum should be issued.

So that if there was a change from us to ADT that the government would be guaranteed the continuation of these additional services, if they preferred them.

They indicated their preference and issued a supplemental request for bids, at which time the original bid prices of ADT were reduced.

On the day on which the award was to be made to ADT,

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we sent a telegraph to the National Capitol Parks Service and a telegraph to the American District Telegraph quoting verbatim the telegram to the National Capitol Parks Service.

In the telegram to the National Capitol Parks Service we challenged the ownership of the equipment and went on record that they would be held legally responsible if they were to make any changes or modifications or permit anyone else to make changes or modifications to the equipment.

* * * * * * *

[fol. 3354] Q. Let me ask this question, Mr. Brosnan.

Before you left this meeting where these government accounts were discussed, was there any understand as to

[fol. 3355] A conference that day and the next day could not resolve the ownership and ADT withdrew their bid.

Q. And your company continued to service these three government institutions?

A. (Nodding head.)

[fol. 3356] By Mr. Story:

* * * * * * *

Q. You may answer, Mr. Brosnan.

A. At the termination of the luncheon, it was my understanding that if they were tactfully requested, or the situation was presented tactfully, they would like to withdraw their bid.

Q. Does your company have the protection service for these accounts today?

A. Yes.

Q. Who actually holds title to these alarm systems that you install on government premises and thereafter furnish central station protection with these systems?

A. In the majority of cases, the government takes title.

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There are some instances where we retain title.

Mr. Conkling: On that, just to clarify the record, that was a general question and answer rather than addressed to this specific case?

Mr. Story: Yes, sir, it was.

Mr. Conkling: All right.

By Mr. Story:

Q. Mr. Brosnan, after this incident, did you ever bid for the protection service on government installations where ADT was rendering this central station service?

A. I can only answer that question as an individual, because Mr. Venners may have other information than I [fol. 3357] can give you.

I know that we negotiated a job with the Navy, but it was determined that that job would go into an ADT board located on the premises that was maintained by ADT at which time we, upon being informed that we could not connect into the board, withdrew or ceased our negotiations.

It is entirely possible that Mr. Venners may have been involved in some, but to my knowledge the one I have cited is the only case and that was done without knowledge of the reporting point until negotiation had been entered into.

Q. Did you meet with Mr. Heisley on any other occasions

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that you can recall?

A. Let me see.

Yes, there were meetings periodically from that meeting in June of '58 until his death.

Q. When was that, sir?

A. As the remaining meetings had no specific points of discussion, it's difficult to try to establish when they were.

I would estimate that we probably had two luncheon meetings in '59 and probably two luncheon meetings in '60.

* * * * * * *

[fol. 3358] Q. Mr. Brosnan, are the banks of Washington, D.C. allowed to connect any alarms to the police department in Washington, D.C.?

A. Not to my knowledge.

Q. I can't recall whether this has been stated before, but are any alarm systems at all allowed to be connected to the police department or the fire department within the District of Columbia, to your knowledge?

A. Other than government, no.

* * * * * * *

[fol. 3359] Q. But to your knowledge no commercial premises alarms are connected to the fire department or the police department in the District of Columbia?

A. To my knowledge, there are no direct connects.

Q. Mr. Brosnan, does your company retain title to the alarm systems which are installed on subscriber's premises?

A. That is the usual practice.

Q. Does your central station service any alarm system where the owner owns the equipment, other than governmental accounts?

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A. Yes, we have a number of accounts that the subscriber owns the equipment and we service them.

Q. Do you know whether or not any of those alarm systems are certificated systems by the Underwriters Laboratories?

A. To the best of my knowledge there are none.

Q. What about the fire alarm services?

A. That would be the same answer on both.

Q. They are not approved alarm systems?

A. No.

* * * * * * *

[fol. 3360] Q. All right.

Has your company installed any proprietary systems for

commercial enterprises, as distinguished from the government?

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A. Yes.

Q. Do you have many such accounts in the Washington area?

A. No.

Q. Does your company retain title to these proprietary commercial systems?

A. No.

Q. Do any of these proprietary alarm systems receive insurance credits, if you know?

A. No.

* * * * * * *

[fol. 3361] Q. Mr. Brosnan, where does your company obtain protection devices or protection equipment which you use in installing central station protection accounts?

A. There would be three or four basic suppliers.

[fol. 3362] Q. Would you name them, please, and give us their locations.

A. There's Potter Electric Signal Company, St. Louis, Missouri; A. W. Fruh, F-r-u-h, Chicago, Illinois: Ademco,

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A-d-e-m-c-o, Brooklyn, New York; Central Station Signals, Incorporated, New York City.

Q. Do you purchase any equipment from the Walter Kidde Company?

A. Yes, They're another supplier.

Q. Where are they located, sir?

A. They're located at Plainfield, New Jersey.

Q. Are those companies your major suppliers of protection devices, sir?

A. Yes.

* * * * * * *

Q. Now, sir, could you tell us for the year 1959 how many [fol. 3363] central station burglar alarm accounts your com-

pany had, and the revenue your company received therefrom?

A. This is the total of all burglar alarm central

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station subscribers?

Q. Yes, sir.

A. For the year 1959?

Mr. Conkling: Yes, '59, he said.

The Witness: 264.

By Mr. Story:

Q. What was the revenues your company derived from these burglar alarm accounts for the year 1959?

A. $88,791.00.

Q. Now, sir, did you include with your burglar alarms your holdup alarms in those figures?

A. Let me make—did I give you 796?

Mr. Conkling: You didn't mention any 700 figure.

The Witness: $88,796.00, I think I said 91.

By Mr. Story:

Q. Did you include your holdup alarms in that number, sir?

A. No.

Q. Could you give us the number of holdup alarms, the subscribers you had for the year 1959 and the annual service charges for 1959 and '60?

[fol. 3364] A. This will have to be an estimate but I don't think it's going to have a bearing on the picture.

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Mr. Conkling: Off the record just a moment.

(Discussion off the record.)

The Witness: You see the type of business, I don't think we should have any case where we have a separate holdup alarm as the only service to a subscriber.

A holdup would usually be added onto the burglary risk, and the transmission will then be over the same telephone

pair, and I am estimating that we have about five with a gross annual revenue from the five at $600.

By Mr. Story:

Q. That would be for the years 1959 and 1960?

A. As an estimate it can hold, because it's not a large revenue item.

Q. All right, fine.

Now, could you tell us the number of central station automatic fire alarm companies—strike that—fire alarm subscribers your company had in the years 1959 and 1960? Also the total revenues from service charges your company received for the years 1959 and 1960.

Mr. Conkling: Is this now for each of the two years or a total for the two years?

[fol. 3365] Mr. Story: Each of the two years.

Mr. Conkling: Each of the two years.

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The Witness: The breakdown I have is: sprinkler supervisory combined with automatic fire.

By Mr. Story:

Q. Fine, would you give us that?

A. And the years again?

Q. 1959.

A. All right.

Q. The number of subscribers first.

A. We had 101 sprinkler and automatic fire subscribers. The gross annual revenue was $42,660.

Q. Now for the year 1960, sir?

A. Do you want it in the same sequence as before?

Q. Yes, sir. The number of subscribers first.

A. Burglar alarm subscribers for 1960, 264, the gross burglar alarm—stop it right there. 1960?

Q. Yes.

A. I want to correct this for 1960, the number of burglar alarm subscribers on the central station was 280. The gross revenue was $128,188.00.

The number of fire alarm subscribers for 1960 on the

central station was 117, and the gross revenue was $47,220.00.

[fol. 3366] Q. From the record that you have there you have no breakdown between your automatic fire alarm accounts and your

Page 61

sprinkler supervisory and waterflow alarm accounts?

A. I don't have it so I could readily break it down. It's possible I could give you the figures on the numbers, but in breaking the revenue down, it might be difficult. Would the numbers be of any help to you?

Q. Yes, would you give me the numbers?

A. Excuse me. I have it for the end of 1961, the number of each. Now that would give you the ratio, which probably remains reasonably constant.

Q. All right, would you give us that now, please?

A. All right.

For the year 1961, there was a total of automatic fire alarm and sprinkler supervisory accounts of 131, 83 of which were sprinkler supervisories and 48 were automatic fire alarm.

Q. Does your company have any other central station alarms which have not been included in those two categories?

Mr. Conkling: I think you mean subscribers rather than alarms.

Mr. Story: Yes. Subscribers.

The Witness: We have, I believe, two watchmen reporting [fol. 3367] systems, the revenue of which is in the gross fire alarm and sprinkler supervisory and again they are usually

Page 62

installed where we have a fire service and the charge is inconsequential.

Q. All right.

Mr. Brosnan, at this point, would you tell us what your total revenue was for the year 1958 for all central station protection services?

A. In 1958, the total gross service revenue was $116,499.00.

Q. Would you give us that for the year 1959?

A. $131,451.00.

Q. For the year 1960?

A. $175,298.

Q. For the year 1961?

A. $192,619.

Q. Now, for the year 1958, could you give us the total revenues derived from burglar alarms, as you have previously described that category.

A. $77,234.00.

Q. For the year 1959?

A. $88,796.00.

Q. For the year 1960?

A. $128,188.00.

[fol. 3368] Q. For the year 1961?

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A. $139,122.00.

Q. Now for your fire alarm subscribers as you have described them, what was your total revenue for the year 1958?

A. $39,265.00.

Q. For the year 1959?

A. $42,660.00.

Q. For the year 1960?

A. $47,110.00.

Q. For the year 1961?

A. $53,497.00.

Q. Now, would you give us for the year 1958 the number of fire alarm subscribers your company had?

A. 86.

Q. For the year 1959?

A. 101.

Q. For the year 1960?

A. 117.

Q. For the year 1961?

A. 131.

Q. Now, give us the total number of subscribers your company had for central station burglar alarm systems service in the year 1958?

[fol. 3369] A. 239.

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Q. For the year 1959?
A. 264.
Q. For the year 1960?
A. 280.
Q. For the year 1961?
A. 307.

Q. Could you tell us the number of approved or certificated central station burglar alarm systems your company had for the year 1961?
A. 70.

Q. How many of your central station fire alarm systems have been approved by the insurance organizations having jurisdiction?

Mr. Conkling: '61, are you still talking about?
Mr. Story: Yes, sir. 1961.
The Witness: 23.
Now, this is the automatic fire alarm only of which I have already indicated that we have a total of 48, 23 approved, 25 are not.

By Mr. Story:

Q. How many of your sprinkler supervisory and water flow alarm accounts have been approved by the insurance organizations?

[fol. 3370] Page 65

Mr. Conkling: For a given year?

By Mr. Story:

Q. For the year 1961?
A. 78, and that is out of the total of 83.

* * * * * * *

Q. Mr. Brosnan, could you tell us how you know that your fire alarm systems, that is your central station systems are approved by the insurance organizations having jurisdiction?

A. We have to report to the accrediting bureau what we

[fol. 3371] Page 66

are providing when we have completed it, and our man has to accompany the accrediting bureau's inspector for the test of the system and so long as it is rated for insurance purposes, we must maintain a continual report of any deficiency or outrage to that bureau.

Q. Now, on your certified central station burglar alarm systems, has your company handled the certification of those accounts?

A. On the central station, we issue the certificate to the subscriber with a copy to the Underwriter's Laboratories.

* * * * * * *

Q. To what distance from your central station can you conduct automatic fire alarm system services or sprinkler supervisory services which are approved?

A. Ten to fifteen miles.

[fol. 3372] Page 67

Q. To what distance from your central station can your company furnish certificated burglar alarm service?

A. Within three to five miles.

Q. What is that determined by, sir?

A. The response time is established by the underwriters, that after receipt of an alarm signal at our office we should have our guard or guards at the premises within ten minutes.

Q. Mr. Brosnan, does your central station operation receive checks by any insurance organizations from time to time?

A. Yes.

Q. How often is your company inspected or checked by Underwriters Laboratories?

A. Not less than one time a year.

Q. How often is your company checked or inspected by the fire rating bureaus?

A. This could vary with the rating bureau and the frequency of inspections can be broken down between equip-

ment at the subscribers and the equipment at the central station.

As a minimum, all rating bureaus attempt to conduct field equipment inspections at least every six months, and central station inspections within a two year period.

Q. Mr. Brosnan, what happens if these inspectors find any deficiencies in your service?

[fol. 3373] Page 68

A. If the deficiencies show no indication of negligence, we are put on notice to correct them within a specified time.

If negligence is evident, the station could be put on notice to correct the basis of such negligence and failure to correct same within a reasonable period could constitute grounds for withdrawing the approvals.

Q. Mr. Brosnan, prior to the time you received approval from the various insurance organizations that you have previously testified about, did any of these organizations send inspectors to inspect your operation?

A. No.

Q. At the termination of your contract for central station service, does your company remove the equipment from the subscriber's premises?

A. We would normally remove only those items directly tied into the central station transmission system.

In the event the premises is being vacated, we leave everything in the hope that the new subscriber will pick up the service.

Q. In those instances where your company removes the equipment from the subscriber's premises, could you tell us what the approximate salvage value of the system would be to

[fol. 3374] Page 69

your company, in relation to what you charged the subscriber originally to install this system?

Let's take first the central station burglar alarm system.

A. Five per cent.

Q. Now, is that for all types of burglar alarm systems, sir?

A. No, electronic systems would be about fifteen per cent.

Q. What about central station automatic fire alarm systems?

A. Five per cent.

Q. What would be the approximate salvage value of your central station sprinkler supervisory and water flow alarm?

A. About twenty per cent.

Q. Mr. Brosnan, for what periods of time are your contracts for central station protection service?

A. The largest percentage of the contracts are for one year.

Q. Now, is that burglar alarm and fire alarm?

A. Yes.

* * * * * * *

[fol. 3375] Q. How many of your central station fire alarm subscribers receive service in Virginia and Maryland by way of telephone lines from Maryland or Virginia to your central station in Washington, D.C.?

A. 48.

Q. What was the annual revenues from your service charges for these accounts during your company's last fiscal year?

A. $16,121.00.

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Q. Now, sir, how many central station burglar alarm accounts does your company have in Maryland and Virginia serviced by your central station in Washington, D.C. by way of interconnecting telephone lines?

A. 149.

[fol. 3376] Q. What was your revenue from service charges for these accounts for your company's last fiscal year?

A. $41,208.00.

Q. Mr. Brosnan, since your company has been an approved central station operations, have you had any general price increases?

A. Not general.

Q. Have you increased prices in any respects for central station protection service?

A. Yes, we have made spot adjustments where, because of the cost of handling the account, it became necessary.

Q. Have you had any price increases for your central station protection service other than what you have just stated?

A. No.

Q. Has your cost of either labor or material increased since 1955?

A. Yes.

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Q. Do you have any idea how much it has increased?

A. I would estimate that labor has increased by 60 per cent and materials by 40 per cent.

Mr. Conkling: Was that 60, sir?

The Witness: Yes.

Mr. Conkling: And 40?

[fol. 3377] The Witness: Yes.

By Mr. Story:

Q. Why hasn't your company increased its service charges for central station protection service?

Mr. Conkling: I am going to object to the form of the question. I thought Mr. Brosnan testified that he has made spot adjustments, as he called them, as he felt necessary.

Mr. Story: I was talking about general price increases.

Mr. Conkling: Oh, I didn't hear the word general in your question.

The Witness: The matter of procuring subscribers in this business is largely a development of good will toward trade associations through insurance agents and we have attempted to maintain our rates without increases, because in these trade associations and throughout the insurance industry it is recognized that there are periodic increases by our

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competitors which many subscribers feel are not consistent with the increase of the cost of operation.

In attempting to maintain this level, we feel that we are creating a sales tool, which probably justifies the continua-

[fol. 3378] tion at a lower cost than we might be able to get.

• • • • • • •

Q. Are you able to obtain your prices when bidding for an account against a competitor here in Washington?

A. On a reasonable number of occasions we are.

Mr. Conkling: I'm sorry, I didn't hear the answer.

The Witness: On a reasonable number of occasions we are.

• • • • • • •

[fol. 3379] Q. Mr. Brosnan, has your company solicited any central protection business on any accounts in the Washington area where your company was not allowed to submit a bid?

A. In general, no.

Q. Have you had any occasion such as that?

A. I know we've had occasions where we have asked for the permission to submit a bid and it's been refused.

Q. What companies were those?

A. Again, this might better be answered by Mr. Venners, but I do know that Howard Clothing, Bond Clothing, Sears Roebuck, Montgomery Ward, Franklin Simon, there [fol. 3380] are probably others, but those register in my mind as accounts that are—to which we are not acceptable.

Q. Did these companies give you any reason why they would not allow your company to submit a bid?

A. At the level we were able to solicit, we were told that the contracts were handled by New York with ADT, New York or their home office.

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Q. Mr. Brosnan, after you started your central station operation, could you give us any idea of how many of your former local alarm accounts you were able to change over to central station accounts?

A. That was approximately 20.

Q. That was over what period of time, sir?

A. Over a 5-year period.

Q. How many of your central station subscribers have reverted back to local alarm service with your company during the last five years?

A. There are none to my knowledge.

Q. Have you lost any of your central station protection

accounts to local alarm companies, to your knowledge, in the last five years?

A. Not to my knowledge.

Q. Mr. Brosnan, when does your company collect for the [fol. 3381] installation charges of an alarm system?

A. It is usually billed at the completion and beneficial use of the system.

Q. In other words, at the time the system is put into operation?

A. That's right.

Q. Has your company on any occasions allowed subscribers

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to pay for the installation charge over a period of time?

A. Yes.

Q. Under what circumstances do you allow this?

A. Either to meet a competitive situation or a case where the risk was good but the money was not available to the subscriber at the moment.

Q. Does your competitor, ADT, allow installment plan payments for installation charges?

Mr. Conkling: If you know, Mr. Brosnan.

The Witness: We have been given to understand that they have presented proposals in which they will amortize the installation cost over a period of years.

By Mr. Story:

* * * * * * *

[fol. 3382] Q. Do you have any salesmen for your central station protection operation other than Mr. Venners?

A. No.

Q. Over what period of time will your company allow an

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installment payment for an installation charge?

A. Where it becomes necessary, we try to limit it to 90 days, or we will go to six months, but a year is about the longest we can stand.

Q. What do you mean, the longest you can stand?

A. In other words, it is not practicable for us to finance it for periods longer than a year.

Q. Mr. Brosnan, in the last five years, have you engaged actively in any selling work for Central station protection service?

A. Have I personally?

Q. Yes, sir.

A. Not actively.

Q. To your personal knowledge, have you lost any prospective central station protection subscribers because your competitors have submitted a second and lower bid?

Mr. Conkling: I object to that question. I thinks it's repetitive; you've covered that.

[fol. 3383] By Mr. Story:

Q. You may answer.

A. Yes.

* * * * * * *

Q. Mr. Brosnan, from the standpoint of protection of [fol. 3384] property against losses from hazards such as fire and burglary, what types of protection services do you consider superior to the other types?

A. There is no question that the central station service is superior to the local or proprietary service.

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Q. What about your direct connected services?

A. I would class those with proprietary.

Q. Could you at this time, Mr. Brosnan, give us your reasons why you think central station protection service is superior to other types of protection service?

A. In the burglary where a local alarm only exists, there is no demand or no compulsion that there will be a response. There is futher the possibility on a local alarm that depending upon the point of battery life where the attack occurs that a sustained ringing of the gong could finally wear out the battery and, if there was a planned attack, the place is no longer under protection.

Then on a local alarm, you place in the hands of the subscriber the full responsibility of setting that alarm up when

he clo[illegible]he premises or goes out to eat and comes back, which immediately defeats, to some extent, the effectiveness of the alarm.

As against these defects where central station service [fol. 3385] is used, the system operation is designed so there should be immediate notification to make response by both the police and the central station guards. In the event that there is an alarm and it cannot be put back in operation, it becomes the responsibility of the central station to keep the

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property under surveillance during the closed period or to otherwise obtain the permission of the owner to leave it out of protection.

The matter of removal and restoration of protection at the scheduled times are enforced by the central station, so that there is an assurance that protection is on during the period that it should be on.

Then we take the matter of local burglar alarms connected into police departments which is an improvement over the local alarm, but neither the subscriber nor the interested parties in the protection alarm have the jurisdiction over the police to guarantee a response or the disposition of an alarm when there is a response.

On automatic fire, and into that class you could put waterflow only, the value of a local alarm is inconsequential. There is no guarantee of notification, there is no guarantee of response, and in case of fire your loss becomes cumulative in that each second of delay the fire is probably making [fol. 3386] progress or there is additional water damage.

On water flow and automatic fire tied into a remote, there is an improvement of the risk, but usually such tie-ins are not accompanied by trouble signals which makes the system vulnerable between the periods of inspection, if

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inspections are conducted, to not being in a position to transmit the signal to the remote station. And, as in the case of burglary and your police departments you are depending upon the responsiveness of the fire department to an alarm signal; where on central station the supervision of the water

flow and the automatic fire is to the best economical degree supervised so that any troubles that would prevent transmission of a signal in case of fire is reported ahead of time and can be corrected.

In the case of sprinklers, I think the central station is the only operation that is equipped to provide the supervision of the sprinkler to the extent that it is known at any given time that that sprinkler responding to a fire should operate.

I think that the high reliability of the sprinkler systems in at least putting out the fire has been marred only by the fact that the fire occurred at times when a sprinkler system disarrangement existed that prevented the sprinkler system [fols. 3387-3389] from performing the function for which it was put in, such as a valve being closed.

Now central station service on sprinkler supervisory carries with it the responsibility to know that the sprinkler will work and if some condition exists immediate action must

be taken to correct that condition, and while this action is being taken the rating bureau is notified so that the risk is still carried during that period.

You get into the fields of watchmen supervision and industrial processing supervision. These are services that are not acceptable to the police or to the fire department, but are acceptable to a central station, and in rendering the service they must accomplish what the subscriber expect.

This is in specific reference to industrial processing and the subscriber knows what he wants and if it is within the limits of the central station they will give him what he wants and from that point on he has every right to expect. The fulfillment of these by any other means is not in common practice today.

* * * * * * *

[fol. 3390] Q. How do the insurance organizations having to do with insurance rate discounts treat the various services, as far as discounts are concerned?

A. On burglary there is a national schedule of discounts based on one, the classification of the station itself; two, the extent of protection at each premises; and, three, the length of run time.

Q. Are those schedules set forth in any document?

A. Yes.

Q. What's the name of that document?

A. Underwriters Laboratories, Incorporated Central Station Rules, Regulations, Bulletin No.—I don't remember.

Q. What is the Manual of Burglary Insurance, sir, are you familiar with that publication?

A. The National Casualty Bureau publishes for the subscribing stock companies a bulletin outlining the schedule of discounts based on the type alarm.

Q. Which type of protection service receives the great [fol. 3391] insurance discount?

A. On central station it would be a Grade A installation, number one.

Q. How does it compare with a Grade A local burglar

alarm?

A. If I recall correctly, a Grade A, Number One would entitle the subscriber to a 60 per cent.

Q. Are these rate discounts set forth in any publication that you know of?

A. In the National Casualty Bureau publication, which is distributed among all the subscribing stock companies, it is published.

Q. Generally speaking, does central protection service allow the subscriber a greater discount than the local alarm does?

A. Yes.

Q. Who sets the rates of discounts for your central station fire alarm services?

A. The local rating bureau having jurisdiction has the right to establish the credits in the final work sheets to the end premium. This becomes a rather involved computation that we have to basically stay out of.

On the automatic fire there are published rates, but they again have to be applied in the development of the premium [fol. 3392] and the point of applying could make it lower than the published figure. So on fire basically the credit rates are largely dependent upon any calculations beyond the services.

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Q. You say these various insurance rating bureaus do publish various discount rates for the central station protection service?

A. As being applicable right across the board, I have never seen such a schedule published.

I should correct that by saying there are rating bureaus that will give you percentage credit savings on certain services but it does not allow anyone but a broker of record to be able to see whether or not that can be applied across the rate.

Now, as I say, I have to correct myself because I do know of rating bureaus that will publish applicable rates.

Q. Could you give us a comparison between the protection service furnished by watchmen as compared with central station protection service?

A. Where a premise is protected with central station burglar alarm and with an automatic fire or with a sprinkler supervisory, the central station service should be more valuable than a watchman who performs only the duties of a watchman. If there is an entry made, the central station [fol. 3393] can immediately make the dispatch, where a watchman could be overpowered and no dispatch for outside assistance could be

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made.

On a water flow resulting from a fire, whether the fire had been extinguished or not, the central station should know well ahead of the watchman that there has been an alarm signal, except in the rare case where a watchman happened to be right there where it happened.

With the central station, there is no one on the premises to contribute toward the possibility of fire through smoking or petty vandalism, or major vandalism. Then it certainly is a great deal more economical in that there is no comparison between the cost of central station services and a minimum degree of watchman service.

Q. Mr. Brosnan, do you know of any types of businesses which are required to have central station protection service before they can obtain insurance?

Mr. Conkling: I object to the form of the question. Required by whom?

Mr. Story: By the insurance companies.

The Witness: Yes.

By Mr. Story:

[fol. 3394] Q. What types of business?

A. On burglary, if there is a class of merchandise being stored that is considered a high risk, the insurance

Page 90

company will not write it without a central station alarm.

Q. What types of business would that be, sir?

A. It varies widely with the insurance companies, but usually men's clothing, jewelry, women's clothing and any class of merchandise where the record, because of the nature of the merchandise or the location of the subscriber, has resulted in a bad record of losses from breaking and entering.

* * * * * * *

[fol. 3395] By Mr. Conkling.

Q. Now, Mr. Brosnan, there has been testimony here today concerning various forms of electric protective service and references to local burglar alarm proprietary burglar fire alarms and others. Would you please tell me in layman's language what each of the various forms of service is? How it operates as distinguished from the other?

Page 115

A. Do you want to break this down between the general fire classification and the general burglary classification?

Q. Yes, please.

A. Well, in the burglary classification the definition of a local burglar alarm system is invariably accepted as protection on some or all vulnerable points in a premises arranged so that when there is a disturbance to that wiring caused normally by a forced entry or illegal entry, when the system is in operation a local gong on the outside of the

building will sound and it cannot easily be silenced from the

[fol. 3396] Page 115

inside or outside. This is so that there should be a sustained period of audible disturbance in the neighborhood. That alarm signal can be by proper arrangements taken from that point to a remote point where some degree of response is added to that. On a local fire alarm, a system is installed in a premises that when actuated by an abnormal heat or fire condition, an alarm on the outside of the building is sounded and will continue to sound until shut off or until there is loss or failure of power—of the source of power.

A water flow on a sprinkler system is usually indicated by a water motor gong located on the outside of the building, which is a water-driven bell that will sound while water is flowing in the system. In the instance of an outside

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bell, an inside electric bell may be acceptable, and that still is considered a local alarm for the sprinkler water flow. Now both the automatic fire and the sprinkler water flow, local signal, can be transmitted to a remote point where the degree of response is expected to be improved. That embraces the local field. Is that to your satisfaction?

Q. Yes. Thank you.

Now, as to those, does your company furnish all of the four types you have described?

A. No. We furnish only local burglar alarm.

[fol. 3397] Page 116

Q. Now there was mention made earlier of proprietary burglar and fire alarms. Would you define those for me?

A. The word 'proprietary' is somewhat kicked around in the trade, but it fundamentally means that a system is purchased by a company and installed so that whatever its purpose be, that upon such detection or actuation a signal is transmitted to some point where responsible action is expected on the part of the owner.

Q. You mean at some point within the subscriber's premises?

A. Either, it could be within or they could have a bell on the outside and a watchman sitting there, but it is sold on the basis that there will be a local response to a signal that

Page 117

resulted from the system operating.

Q. And is that type system sometimes connected in with a municipal system? To your knowledge here in the District of Columbia?

A. No. Not in the District.

Q. In any of the bordering states in which your company furnishes services?

A. It could be on burglary, but it is not probable on fire that a proprietary would be accepted in any areas that we service.

Q. Now, sir, it was these three types of services, then, as I

[fol. 3398] Page 117

understand it, local burglar alarm, and proprietary burglar and fire alarms which you and your company commenced to furnish in the year 1946?

A. That's correct.

Q. And was it then, and is it now, the common purpose of each of those systems and types of services to minimize losses by fire and burglary and other hazards?

A. To the degree that they were designed.

Q. It was the common purpose?

A. Yes.

Q. And then you testified that in or about 1950 your company entered the central station protective service field in burglary, sprinkler supervisory and water flow automatic fire alarm and process supervision?

A. (Nodding head.)

Q. Is that correct?

A. That's correct.

Q. Would you describe for me the purpose and function of each of those different types of services?

A. Well, burglar alarm was for the supervision of all entries during the closed period, and for guard and police response on an alarm reported from that premises.

Automatic fire was for the purpose of detecting—receiv-

ing fire-fighting equipment and our technician who would represent

[fol. 3399] Page 118

the owner and restore the system to operable condition before leaving the premises.

The sprinkler water flow was for the purpose of detecting a water flow and upon receipt of the alarm signal dispatching the fire-fighting equipment, with our representative of the owner to restore service before leaving.

Sprinkler supervisory was to supervise all functional parts of the sprinkler system, to give assurance that they were in operable condition, or to give indication that the sprinkler system operation was imparied, whereupon we, or through

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notification of the subscriber to do so, effected the restoration of the defect.

Watchmen's supervisory, in which we provided a limited one or reporting service would indicate that the watchman was alive and capable of transmitting the signal, and upon failure to receive the signal we would dispatch a representative of the owner to determine the failure—determine the cause of the failure of the watchman to transmit his signal on the appointed time. Process supervision can vary from temperatures in refrigerators to water conditions in basements, to any abnormal condition that occurs in

[fol. 3400] Page 119

automated processing that requires the attention of the owner or his maintenance man. Is that all I had?

Q. Yes, I think you have covered them all.

Now, is it likewise true with respect to these central station types of service that you have just described that the common purpose is to minimize losses by hazards such as fire and burglary, malfunction of machinery, and so forth?

A. That's part of it.

Q. Well, tell me the rest of it.

A. The other is insurance reductions.

Q. Well, are there not insurance discounts rendered in connection with proprietary systems?

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A. Again, I have to state my concept of proprietary systems, and——

Q. Well, would you agree that a proprietary system is kind of a central station operation that is sort of tied in to the subscriber's premises?

A. That would fit within my understanding of it, and to my knowledge that is not normally an aceptable fire insurance credit.

Q. Burglary? How about burglary?

A. Burglary could qualify on a local alarm basis, if in

[fol. 3401] Page 120

addition to the proprietary features it met all the requirements of a local.

Q. And there are insurance discounts for local alarm systems, are there not?

A. Yes.

Q. Now has your company furnished any direct connected or remote alarm system services?

A. Yes.

Q. Both on the burglary and the fire side?

A. We have furnished both burglary and fire and we today are furnishing burglary, and to the best of my knowledge all remote fire connects have been discontinued and brought into the central station.

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Q. Except possibly, I think you testified earlier today in connection with perhaps a school? Didn't you mention a school?

A. That was not on our system, but that would have been the District of Columbia. They have, I believe, one school in which a manual city box is located within the premises of the school and that box can be pulled and it goes direct to fire headquarters. Whereupon they would dispatch as, the same as any city box.

Q. Do you know what school that is, by any chance?

[fol. 3402] Page 121

A. No, I don't.

Q. And I think you mentioned also certain government

agencies or buildings that might have direct connections, did you not?

A. It has been in the past quite common that in the lobby or in the guard's office of a government building there would be a municipal city box that could be pulled, and bring about the immediate dispatch of fire-fighting equipment.

* * * * * * *

[fol. 3403] Q. In connection with the form of contract which you use, Mr. Brosnan, and in connection with your earlier testimony responding to Mr. Story's questions relating to the ownership of the equipment which you install on a subscriber's premises, you testified, I believe, that your company does retain

Page 124

ownership of the equipment. Is that so?

A. That's our normal practice.

Q. When do you depart from that practice?

A. If the subscriber had some good accounting reason, in other words, if he didn't choose to pay the eight percent Federal excise tax or he didn't want to charge this off as a service charge, but he wanted ownership for his—for reasons best known to him, we would have no real argument about the situation and we would give it to him.

Q. Do you know whether there is any requirement on the part of any Board of Underwriters or similiar organization that

[fol. 3404] Page 124

equipment on the subscriber's premises be owned and controlled by the servicing company, or the company rendering the service?

A. It is our understanding that in the description of services involving sprinkler and automatic fire, that the pamphlet of the National Board of Fire Underwriters indicates that the services and equipment should be rendered by a company not directly interested in the subscriber.

Q. Does that requirement of such underwriting board have any known purpose or reasons, so far as you know?

A. I can think of many reasons.

Q. Have you ever used any reasons which you think of in connection with some—selling a system or discussing an

Page 125

installation with a potential subscriber or any existing subscriber?

* * * * * * *

[fol. 3405] A. The cases where a person demands ownership are relatively rare, so in answering your question, I don't think that it has been an issue.

A man owns his sprinkler system and he may feel that he would like to own the devices on there, but basically it is of very little concern to him.

Q. I think you testified earlier, Mr. Brosnan, the usual term of your contract for various types of services was one year, as far as your company is concerned. Is that right?

A. The largest percentage of the contracts are for one year.

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Q. How large a percentage?

A. I have the figures noted there and I ask that that be deferred to Venners, but I know that they are now 75 per cent. These are approximate figures, 75 per cent one year contracts.

* * * * * * *

[fol. 3406] By Mr. Conkling:

Q. Now, Mr. Brosnan, I want to back up for just a moment and fill in what I think is an open spot. During the years 1950 through 1953, which is the year when I think you testified that you obtained a first approval for rendering or furnishing central station service, what services did your company sell or install?

A. We sold central station services on burglary in the District of Columbia. We sold fire department connects on water flow and automatic fire in Alexandria and later in Arlington, and proprietary systems.

The effort on proprietary systems resulted in their accounting for approximately 20 per cent of our total installa-

tion rather than the 10 per cent indicated for the years of '50 to '53 in a previous answer.

Q. All right, sir.

Is is true then that during the years '50 to '53 your company undertook to furnish central station services much as you have since 1953, except that you were not approved, you [fols. 3407-3408] had no approval or accreditation until 1953?

A. That is correct.

Q. And did your rates for furnishing such central station services vary, generally now I'm speaking about, not in connection with any particular customer during the '50 to '53 period and the period following '53, after approval?

A. During the years '50 to '53, it was a matter of taking anything we could get at any price.

After '53, we tried to establish a rate structure

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which would be reasonably consistent with some relationship to cost.

Q. Are you still furnishing today, Mr. Brosnan, central station service of one kind or another which does not entitle a subscriber to an insurance discount?

A. Yes.

Q. Is there any difference in the purpose of the service you mention so far as minimizing losses against fire and burglary and so forth between the unaccredited and the accredited service?

A. The service from the standpoint of quality is the same; the extent and degree of protection which is a quantity item differs.

• • • • • • •

[fol. 3409] Q. What essentially was the difference in the service that you rendered when you were at the former address and the service which you have been rendering at this Sixth Street address which accounts for the approval which you obtained in 1953, if you know?

• • • • • • •

[fols. 3410-3411] A. The service was the same.

Our approval was held up on our central station equipment and the K Street Building was not an acceptable fire resistant building.

Q. That was in the opinion of whom?

A. The Underwriters Laboratories, Incorporated.

Q. Also, the other rating bureaus you mentioned, the four or five others; did they feel the same way?

A. Yes.

* * * * * * *

[fol. 3412] Q. Now sir, in your earlier testimony you named five, I think you called them basic suppliers from whom your company has obtained equipment, did you not?

A. Yes.

Q. Potter, Ademco, Fruh, Kidde and Central Station Signals?

A. (Nodding head.)

Q. You did not mention your own manufacturing company. Is there a reason for that?

A. We do not manufacture any approved devices for [fols. 3413-3414] outside installations, for the field installations.

* * * * * * *

[fol. 3415] Q. To your knowledge, of all the equipment that your manufacturing company has manufactured, you judge that perhaps one per cent of the total output may have been used in the electric protection industry? Is that a fair statement?

A. On the $700,000 volume, I would be willing to say that I am way safe on 7,000, and the only reason I wouldn't [fol. 3416] say zero is because some of the manufacturing labor has been used in the expansion of the central station which is steel work and other items, but manufacturing does not exist as a supplier for any phase of central station.

Q. Is there a reason for that?

A. It couldn't support itself.

Q. Do you find that other sources of supply are more readily available at prices which are fair?

A. The approvals and current modifications would dis-

suade us from getting into that business for ourselves, and we have no intention to go into it as a national supplier.

Q. None of your people, I take it, are—that is, in

Page 156

connection with manufacture, are such as you would call a research team or an engineering group for the development of equipment to be used in the electric protective industry?

A. No.

Q. How long have you been obtaining equipment from the five basic suppliers you identified earlier?

A. From Fruh since 1946; Ademco 1946; Central Station Signals 1953; Potter 1951; Kidde, which purchased the old Ultrasonic crowd and we dealt with the old Ultrasonic crowd back as far as 1950.

Q. And as of now, do you obtain what supplies you want and need from all of these five in about equal proportions, or in some other proportion?

A. Potter would be the principal supplier; Ademco sec- [fol. 3417] ond; and Kidde would be the third.

Q. And I take it, since you referred to principal or basic suppliers, there are still others from whom you might obtain supplies at times of one kind or another and in one quantity or another?

A. That's correct.

Q. In your experience over the last fifteen years since 1946, has the equipment which you have found necessary for the furnishing of the various types of services which you

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have undertaken to furnish been readily available on the open market?

A. Yes.

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Q. Has it always been your practice, generally speaking, to remove the equipment that is removable and you find of some value in removing upon the termination of the contract?

A. We will always remove some portion of the equipment.

Q. So far as you know, is that the general practice in the industry, if there is a general practice?

A. Yes, I would believe it to be a general practice.

• • • • • • •

[fol. 3418] Q. Let me put it this way, would you ever quote a price to a potential subscriber without going to look at it? If he told you, I own a jewelry store on Connecticut Avenue, and you happened to have business with some other jewelry store on Connecticut Avenue, would you go make a survey and then make your judgment on it?

A. If I thought he was interested, I would certainly make an inspection.

[fols. 3419-3421] Q. Even though he said, "You protect Joe Zilch up the street who is also in the jewelry business"?

A. Yes.

Q. The fact is that each job is in a sense a tailor made job; isn't that so?

• • • • • • •

[fols. 3422-3425] Q. And you said that at that first meeting in the Statler, Mr. Bodely questioned your wisdom in entering the central station type of service?

A. Yes, but there was no implication because many other people, noncompetitive, questioned it also.

Q. Would you tell me who some of those people are?

A. The Underwriters Laboratories.

Q. Would that be Mr. Snowdon, did you say?

A. Mr. Snowdon.

Q. Who else?

A. My wife, and in general anyone who knew what was involved in attempting to establish a central station.

Q. I take it that you then reflected upon the remarks of whomever they were who thought you were unwise and decided to go ahead anyway?

A. Yes.

• • • • • • •

[fol. 3426] A. Manhattan Laundry, yes.

Q. Was that a new account when you got it?

A. No.

Q. Someone else had had it?
A. ADT.
Q. And now you have it.
A. Yes.
Q. Did the Manhattan Laundry solicit a bid from your company?
A. Yes.
Q. Did you submit a fair price bid in response to that solicitation?
A. Yes.

* * * * * * *

[fol. 3427] Q. How about Mark Electronics?
A. Yes.
Q. Is that a new installation?
A. They moved from one location to a new location and we have the new location.
Q. Did you have the old?
A. We did not.
Q. Who did?
A. ADT.
Q. Did Mark Electronics solicit a bid from you?
A. Yes.
Q. And did you submit a fair price bid in response?
A. It was a competitive bid.
Q. Have you finished your answer?
A. Yes.
Q. Is there a distinction in your mind between a competitive bid and a fair price bid, and, if so, would you tell me about it?
A. A fair price bid has to take into consideration that

[fol. 3428] Page 176

we have to keep a premises under protection during the closed period while there is no alarm system in operation. So, therefore, a fair price bid has to have that added into what we think we should get on any job.

If we were to use what we consider a fair price bid stripped of contingencies, we would find where competition exists that we would be priced out of the market, so the distinction is that if we are taking over a job that we are not

particularly interested in taking over, we would like to get a respectable installation and service price.

A competitive bid is a figure we have to use to try to obtain new business in a highly competitive market.

Q. How about Timber Engineering Company?

A. We had them; we no longer do. I think that there is another subscriber in the building that was protected by us with Timber.

Q. Did you have it in 1957, if you remember?

A. I would say very probably yes.

Q. You don't know whether you have them now or not? You're not sure, but you think you may not have them, is that the idea?

A. We have the premises, but Timber Engineering is not in the premises now and I don't believe that we have Timber

[fol. 3429] Page 177

Engineering as a subscriber now.

Mr. Conkling, there are a lot of these things that you will probably want to go over with Mr. Venners as he has handled these in the past few years. He will have considerably more detail on most of these. I am embarrassed not knowing some of the subscribers, but I just haven't been that close.

* * * * * * *

[fols. 3430-3431] Q. Does your company maintain, or has it ever maintained a standard price list for the installation charges and service charges which you make to any subscriber?

A. No.

* * * * * * *

[fols. 3432-3434] By Mr. Conkling:

Q. Based on your experience, Mr. Brosnan, do you have —are you able to form an opinion as to what a reasonable rate for central station service is, rate of charge, price, rate of pay?

A. There's no way of answering it without giving some point of comparison, whether it should be above or below that for any one particular service. I couldn't answer the question.

Q. It would depend upon the job to be done, among other things?

A. That would be one of the factors.

Q. Do you have any opinion as to what a reasonable rate of profit is in our business?

A. No.

• • • • • • •

[fol. 3435] Q. It is your testimony here today, Mr. Brosnan, that the ADT Company or any other defendant in this [fol. 3436] lawsuit has engaged in any price war with you or your company?

A. Yes.

Q. Is it your testimony here today that the ADT Company or any of the defendants has been trying to and endeavoring to drive your company out of business?

A. Setting a ceiling about which you have difficulty to rise——

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Q. You don't want to answer that yes or no first? Then I'll listen.

Mr. Story: Let the witness explain his answer.

Mr. Conkling: I think it calls for a yes or no answer.

Mr. Story: He doesn't have to give one, if he wants to explain it.

The Witness: My answer is yes.

By Mr. Conkling:

Q. And the basis of that statement is the testimony which you have given here today?

[fols. 3437-3438] A. No one has asked me in this testimony what practices were followed to make it difficult for us to grown, so, I mean, if you ask me, then I can include it as part of the testimony.

Q. I'm asking you.

A. I would say——

Q. I would like you to tell me every detail and everything that you can think of on that score.

A. Well, let's say that the general price level that came into being within a few years after we were approved kept

us within a limited scope of operation for the price we could get for our services, and that condition has persisted from roughly 1955

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until the present time, with some cases considerably more serious than the normal competition.

Q. And the instances which exist have not been mentioned here today, specific instances?

A. That's correct.

* * * * * * *

[fols. 3439-3441] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 323

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

vs.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants

Deposition of EUGENE CURRAN, Robinson Protective Alarm Company, Robinson Building, Philadelphia, Pennsylvania

Page 5

Q. Mr. Curran, will you please state your full name for the record?

A. My name is Eugene H. Curran.

Q. What is your home address, sir?

A. 3817 Windsor Drive, Cornwell Heights, Pennsylvania.

Q. What is your present employment, sir?

A. I am presently employed with the Robinson Protective Alarm Company.

Q. Mr. Curran, how long have you been employed by the Robinson Protective Alarm Company?

A. Approximately five years.

[fol. 3442] Page 29

Q. During the period of time you worked for the Automatic Fire Alarm Company, did you have any devices which were used in central station automatic fire alarm service which is or was superior to the devices that are now available to you in connection with your employment with the Robinson Protection Alarm Company?

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A. Yes, we did. We had their Type 4202 and Type 4202M. This is an automatic fire alarm detector and transmitter, a combination of the two.

Q. Now, sir, who made this detecting instrument which you say is 4202 and 4202M?

A. The ADT Company.

Q. How did you know that, sir?

A. Well, on the packages that we received they were crated in—it was marked plainly "ADT." The covers themselves were molded "ADT," and the various component parts of the detector were stamped "ADT."

[fol. 3443] Q. Mr. Curran, I think you previously testified that while you were with the Automatic Fire Alarm Company your duties were chiefly concerned with the installation and maintenance of alarm systems; is that correct?

A. Yes, sir.

Q. What was your actual position during the latter part of your employment?

A. I was the maintenance, trouble shooting, inspection and installation. I covered all of these various performances.

Q. Were you in charge or did you work within this group while you were with Automatic Fire Alarm in Philadelphia?

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A. Prior to leaving Automatic Fire Alarm, I was in complete charge of the maintenance.

Q. Sir, in conection with your duties did you know approximately what these detecting instruments which you have just testified to—the 4202—cost the Automatic Fire Alarm Company?

A. $80.00 or $85.00.

Q. After you were employed by the Robinson Company, did you have anything to do with the installation or maintenance of alarm systems?

A. Would you please repeat that?

[fol. 3444] Q. After you were employed by the Robinson Company in 1958, did you have anything to do with the installation or maintenance of alarm systems for that company?

A. Yes, sir.

Q. What types of automatic fire alarm detecting instruments did you use on your automatic fire alarm systems after you were with the Robinson Company?

A. The Walter Kidde Company equipment, the New Jersey Fire Alarm equipment of Newark.

Q. And in the installation of your automatic fire alarm systems, how many instruments were required to do the same job that the 4204 and 4204M were able to do?

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A. While installing an automatic fire alarm circuit for Robinson Protective Alarm Company, I would have to use a detector unit, an individual transmitter and a power supply.

If I was installing a circuit for the Automatic Fire Alarm Company, I would use a 4202, which is combination transmitter and detector.

Q. On these devices that you used for the Robinson Company, you mentioned a detector, a transmitter. Approximately what did this detector cost going into this automatic fire alarm system?

A. For the Robinson Company what did it cost us?

[fol. 3445] Q. Yes.

A. $65.00.

Q. What would your transmitters cost you?

A. $105.00.

Q. Was there anything else necessary in connection with

this detection and transmission device for an automatic fire alarm system?

A. Yes. We would need a battery charger and rectifier, of course the battery cabinet and the batteries themselves.

Q. Now, sir, could you tell us approximately what it would cost for this detecting device and transmission device, emergency

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power supply, all of which did the same job as the ADT 4202 and 4202M?

Mr. Williams: I will object to the form of the question. You have got something in there that nobody has testified to yet.

Mr. Story: Will you read the question back, please?

(The Reporter read the pending question.)

A. Now you want the cost?

By Mr. Story:

Q. Yes. I am trying, Mr. Curran, to get you to tell us the comparable cost of the devices that you used with the Automatic Fire Alarm Company which you have testified were [fol. 3446] manufactured by ADT and the comparable cost of all the devices which you used with the Robinson Company.

A. Would you want it percentagewise or actual figures?

Q. Actual figures if you can recall them.

A. All right. The totals dollars and cents for the equipment that we used would amount to $245.00 as compared to ADT's $85.00, plus our labor would be considerably more.

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Q. Why?

A. Because we would have to mount—rather than just the detector, we would have to mount the transmitter, the battery cabinet. We would have to run the necessary conduit and wire to the nearest 110 AC.

Q. Could you give us an estimation of how much more labor cost it would require to install the devices available

to the Robinson Company as distinguished from the labor cost with the ADT equipment?

Mr. Williams: I will object to the question as to form.

Mr. Story: You may answer, sir.

The Witness: Would you read that back, please?

(The reporter read the pending question.)

Mr. Williams: I renew my objection on the ground that you haven't shown that this man had anything to do with labor costs while he was in the employ of AFA Company.

[fol. 3447] Mr. Story: You may answer, sir.

The Witness: Would it be objectionable if I used ours?

Mr. Story: That would be perfectly all right.

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The Witness: All right.

A. I would say approximately four hours' difference in the installation of the two.

By Mr. Story:

Q. Which way, sir?

A. It would cost Robinson four hours more than it would cost the ADT Company or the Automatic Fire Alarm Company.

Q. To install?

A. To install comparably the same setup of the detector itself and transmitter.

* * * * * * *

[fol. 3448] By Mr. Story:

Q. Mr. Curran, while you were employed by the Automatic Fire Alarm Company, did you have available to you any other devices which you considered superior to the devices that are now available to you with the Robinson Company?

Mr. Williams: I object to the form of the question.

Mr. Story: You may answer.

A. We had the Type 774 and 774M automatic fire alarm

detector, which I consider superior to anything that I have used to date.

By Mr. Story:

Q. Now, sir, who manufactured this device, this 774 and 774M?

A. American District Telegraph.

Q. What is the name and what is the device?

A. It's a rate of rise automatic fire alarm detector. That is the 774.

And the 774M is the rate of rise automatic fire alarm detector and manual break glass station.

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Q. Approximately what did the 774 and 774M cost the Automatic Fire Alarm Company?

Mr. Williams: I object to the form of the question.

By Mr. Story:

Q. What did it cost, if you know?

Mr. Williams: Renew the objection.

A. The 774 we were told—the employees were told——

Mr. Williams: (Interposing) Now I am going to to make [fol. 3449] an objection at this point.

I renew my previous objection and add that this is going to be obviously hearsay.

The witness is just not qualified to answer your question.

By Mr. Story:

Q. Mr. Curran, during the course of your duties, did you from time to time know what your company—the AFA Company—paid for its devices?

A. Only what I was told.

Q. By whom were you told?

A. The foreman mentioned it on various occasions.

Q. Now you may tell us what you were told that these devices cost.

Mr. Williams: I renew my objection.

Mr. Story: You may answer.

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A. We were told that the 774 cost approximately $18.00 apiece.

By Mr. Story:

Q. To perform the same function as this 774 and 774M, what devices does the Robinson Company use?

A. The Robinson Company has never been able to purchase a combination fire alarm detector and manual comparable to the 774M.

Consequently, we have to employ a New Jersey Fire Alarm detector and an Acme break glass station.

Q. Do you know that the cost of those devices is to the Robinson Company?

[fol. 3450] A. Yes, sir. The fire alarm detector is $65.00 and the break glass station is $14.00, plus the labor of installing the break glass station. In other words, it is not one package. It is two individual units.

Q. How much more time would it require your craftsmen to put the devices in for the Robinson Company?

A. An hour.

Q. Now, sir, after you were employed by the Robinson Company,

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did you attempt to get any of the officials of the Robinson Company to purchase any of these devices that you have just testified about, namely, the 4202, the 4202M, the 774 and the 774M?

A. I personally did not.

Q. Did you request your officers to obtain these devices for you?

A. Yes. I had asked if it were possible that ADT would sell us devices.

Q. Do you know whether or not the Robinson Company ever attempted to purchase these devices from ADT?

A. Yes, they did.

Q. Were they able to purchase these devices?

A. No.

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By Mr. Williams:

Q. Mr. Curran, you first went to work with Automatic [fol. 3451] Fire Alarm Company in 1940 or '41?

A. '41.

Q. What position did you hold with the company at that time? What was your starting job?

A. Installation.

Q. Did you have a title?

A. No. Just installer.

Q. And you left in 1943 to go into the Service?

A. Yes, sir.

Q. You returned to Automatic Fire Alarm Company in 1946?

A. Yes, sir.

Q. What title did you start in again when you went with AFA in 1946?

A. As a mechanic, which is a term applied to one who is competent of running an installation.

Q. Would you describe to us briefly what your duties were as a mechanic at that time? What, exactly, did you do for the company?

A. I installed all necessary conduit and wire and detecting devices, tested and actually completed an installation.

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Q. What type of systems?

A. All type of systems—automatic fire alarm, rate of rise systems, sprinkler—automatic sprinkler alarm services, supervisory services.

[fols. 3452-3454] Q. This included temperature supervision devices?

A. On the tanks.

Q. As distinct from on a sprinkler system, did you install, for example, refrigerator room supervisory devices?

A. Yes, sir.

Q. You installed complete sprinkler supervisory services, including gravity tanks, gravity temperature, valve alarm switches, water flow switches?

A. Yes, sir.

Q. Did you install types of devices for use on dry pipe sprinkler systems?

A. Yes, sir; air pressure.

Q. And you installed what types of automatic fire alarm equipment? That is aero systems?

A. Aero systems and thermostat systems.

Q. Did you install teletherm systems?

A. No teletherm systems. Smoke detector gauge units.

Q. Those are photo electric systems?

A. Photo electric, yes, sir.

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Q. During all this time, sir you were in the employ of Automatic Fire Alarm Company in Philadelphia?

A. Yes, sir.

* * * * * * *

[fols. 3455-3456] Page 81

Q. Prior to the time you came to work for Robinson, had you

Page 82

had any experience in estimating costs of installation?

Page 95

Q. What would be the total difference in cost to the Robinson Company if you were able to have 4202 units as distinguished from the type of units that you are now using? What would be your difference in installation cost in dollars?

A. I couldn't be sure. I couldn't answer that and be sure I was answering it correctly.

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Q. And the difference between those would be significant enough to enable you to get a job that you would otherwise lose?

A. Definitely.

[fol. 3457] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 324

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

vs.

GRINNELL CORPORATION, AMERICAN DISTRICT TELEGRAPH COMPANY, HOLMES ELECTRIC PROTECTIVE COMPANY AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

Deposition of CLARENCE S. DAMON, Damon Alarm Corporation, 4345 Madison, Kansas City, Missouri.

Page 6

Q. Would you state your full name, please?
A. Clarence Stanley Damon; D-a-m-o-n.
Q. What is your home address, sir?
A. 6758 Pennsylvania.
Q. At Kansas City, Kansas?
A. Kansas City, Missouri.
Q. Kansas City, Missouri. What is your occupation, sir?
A. I am president of the Damon Alarm Corporation.
Q. What is the address of your company?
A. 4345 Madison, Kansas City, Missouri.
[fol. 3458] Q. When was that company established, sir?
A. 1948.
Q. What type company is it, is it incorporated or a partnership?
A. Yes, it is a corporation.

Page 7

Q. When was your company incorporated?
A. About 1952.
Q. Mr. Damon, when you first entered the alarm business, what type of alarm were you installing?
A. Strictly local alarms.

Q. Did there come a time later when you changed and started installing and servicing other types of alarm systems?

A. Yes. We found out that if we run into a subscriber that wanted a central station and we wouldn't give it to him, so I think about three or fours years——

Mr. Fritz (interrupting): I move to strike that answer as not responsive.

Mr. Story: Read that back to me.

Mr. Fritz: I make my motion to strike out everything in the answer after the word "Yes."

By Mr. Story:

Q. When did your company decide that it would undertake central station protection service?

A. About three or four years after we started.

[fol. 3459] Q. What types of protection service does your company render at the present time?

A. Burglar and fire alarms, all types, except automatic fire alarm. We haven't gone into that yet.

Q. Now, what categories of protection service does your company render at the present time?

A. Local burglar alarms, central station burglar alarms,

and sprinkler fire alarms, hold-up alarms.

Q. Does your company engage in any alarm business which is connected to a police or a fire department?

A. Yes.

Q. What is that generally referred to in the trade?

A. We call it police station hook-up.

Q. Sometimes called direct connected protection service?

A. That is right.

Q. Or remote station?

A. Remote.

Q. At the present time, Mr. Damon, in what area does your company operate?

A. Well, we cover the entire Kansas City area, what they call Greater Kansas City, taking in Independence, Kansas City, Kansas, Johnson County, and we have some alarms in the outlying small towns of subscribers that we have here.

[fol. 3460] We don't solicit that business, but if a subscriber here opens a store in Topeka, we will put it in for him.

Q. Could you tell us the area in which you conduct your central station protection service?

A. Oh, I would say we go out approximately eight to ten miles.

Q. Around your central station?

A. Yes.

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Q. Would that include connecting alarms to your central station in the State of Kansas?

A. Yes.

Q. Once you had decided to go into the central station business, did you immediately set up your central station or what action did your company take in preparation for entering the central station business?

A. We couldn't afford to set up a central station of our own. We bought some equipment from Potter Electric and set it up at Telephone Answering Service, and they furnished the office force for it.

Q. But you had your own central station panel boards in the answering service?

A. Yes.

Q. And about when did you first start connecting up your [fol. 3461] alarm systems to this telephone answering service?

A. About 1951 or '52.

Q. Now, sir, did there come a time when you set up your own central station and furnished the employees to run your own central station?

A. Yes. About a year and a half to two years later, we had seventeen alarms at the Telephone Answering Service, and they just weren't capable of taking care of it right. So we moved into our own office. When they got to seventeen they just couldn't handle them.

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Q. And I take it from that that you set up your own central station, had your own employees?

A. Right. Not because we wanted to but because we had to.

Q. Now, at the present time are any other companies operating central stations in the Greater Kansas City area, to your knowledge?

A. Yes. There is A.D.T., mostly, and Alarm Engineering.

Q. How long has A.D.T. been in the central station business here in Kansas City, to your knowledge?

A. I would guess fifty to seventy-five years.

Q. Do you know when the Mossie Company first started in central station operation?

A. I would say four years ago.

[fols. 3462-3464] Q. Now, the Alarm Engineering Company, when did it start its central station?

A. January of '62.

* * * * * * *

[fol. 3465] By Mr. Story:

Q. Mr. Damon, has your company received approval from any of the insurance organizations to conduct approved central station protection service?

A. No, sir, not yet.

Q. Do you plan to seek the approval of the insurance organizations having jurisdiction over the central station protection service?

A. I would say within the next two to four weeks.

Q. What action is your company taking at the present time in preparation for seeking this approval?

A. We are moving our office to a fireproof building, getting it all set up.

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Q. From whom do you obtain your central station protection equipment that you use in your business?

A. Potter Electric and Walter Kidde, K-i-d-d-e.

Q. Do you purchase alarm equipment in connection with any of your other alarm business from any other company?

A. Yes, Ademco, A-d-e-m-c-o, and A. W. Frew Company, an outfit in California, we buy some stuff from, the fellow's [fol. 3466] name is Winestock. Morse Signals, M-o-r-s-e, that's what it is.

Q. Where is the Potter Company located?

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A. St. Louis.

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Q. Mr. Damon, what is the duration of your central station protection contracts?

A. From one to five years.

Q. Does your company have a policy as to the number of years you attempt to get when you are signing up a subscriber?

A. Absolutely not. We will put in one year, three years, five years, nine months, whatever they want.

Q. Could you tell us approximately what the average duration of your central station contracts at the present time are?

A. I would say three years.

Q. Mr. Damon, does your company retain the title to the alarm equipment which is installed on the subscriber's premises?

A. Yes.

Q. In the event that the subscriber wants to purchase the equipment will your company sell the equipment?

[fol. 3467] Page 26

A. We set a price on it. We have one coming up now. It is out of town and he wants to buy it.

Q. After you sell this equipment will your company allow, will your company take a maintenance and service contract on that alarm system?

A. Well, they don't usually work out that way. If he wants to buy the equipment it is because he wants to cancel the service contract. So when we sell it to him, then they take care of it on a call basis. He pays us. If he don't call for a year, he don't pay us anything. In other words, why should he buy the equipment and still continue the maintenance contract?

See, the object of that is to get rid of the contract. Now, you can't do that on a central station alarm because you've got to have a monthly service charge due to the phone lines.

Now, on an out-of-town local that indicates in the police station, you can sell it to them.

Q. In the event that one of your central station subscribers cancels the contract, do you remove the equipment?

A. We remove the salvageable equipment, the transmitters and the contacts and so forth.

Q. Mr. Damon, after you entered the central station business here in Kansas City, did you have any occasions to [fol. 3468] meet with representatives of the American District Telegraph

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Company?

A. I did.

Q. Will you tell us when you first met with representatives of the American District Telegraph Company?

A. I would say about 1953, about a year after we started the central station, Mr. Sherer, S-h-e-r-e-r, called me, and said he wanted to take me to lunch. And I wasn't very friendly because of what he had been saying about me and so forth. So I said, "What for, what do you want to have lunch with me for?"

"Well, he says, "I got to talk to you." And I said, "What about?" He said, "I got a letter from New York and I need some information." I said, "Well, ask me." "No, let's have lunch." "O.K." So we met at Charlie Bryant's and had a sandwich, and he pulled out a letter, although I didn't see it, he sat across the table from me, and he said the New York office was riding him, wanted to know how many alarms we had, how many locals, how many central stations, how many sprinklers, and he said, "I don't know where to get the information unless I get it from you."

[fol. 3469] Q. What was Mr. Sherer's position at that time, sir?

A. Well, I would call him a commercial representative. I think he is some kind of manager.

Q. Was he in charge of A.D.T.'s operations here in Kansas

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City?

A. I believe he was in charge of sales.

Q. In charge of sales?

A. Yes.

Q. All right, sir. Would you continue?

A. Well, we sat there and talked a while, and he made a remark about, "Have you thought of selling out?" I said, "Well, what would I do if I did sell out?" "Well," he said, "you can go back to work for us." I said, "Well, I worked for you once and I didn't like it, and why should I think I would like it if I went back?" He says, "Well, you know, A.D.T. can put in alarms for ten dollars a month." I said, "Well, if you do, I will just put on two men to contact all your old customers and tell them the rates are now down to ten dollars a month. I believe that would hurt you more than it would me." He says, "Well, you know I was just kidding. We could do it, though." I said, "Sure, you could do it." [fol. 3470] Q. Did Sherer tell you at that time as to the nature and extent of A.D.T.'s operation in the United States?

A. Well, yes; he told me, he says, "You know, we can lose money here in Kansas City for fifteen years," he says, "it won't make any difference to the company. They just pull it out of this area and put it in another one."

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Q. Did Mr. Sherer discuss central station protection prices with you during this meeting?

A. Yes. He thought I should raise my prices. He said our prices made theirs look ridiculous. And I told him, I said, "Look, we have a price schedule and that is what we go by. We don't care what you charge. That is immaterial.

Q. Did Mr. Sherer suggest to you that you should raise your prices?

A. Yes. He said I could get a lot more than I was getting. And I said, "I am happy to get what I am getting if I can continue it."

Q. Did you explain to Mr. Sherer your price structure and how you arrived at your price structure?

A. No. No, I wouldn5t discuss that with a competitor. I wouldn't ask him how he prices.

Q. Did you make any statements to Mr. Sherer as to the [fol. 3471] reasons for the differences between the prices of your company and his company?

A. Well, yes. I pointed out to him their overhead was greater than ours. And they had presidents, vice-presidents,

managers, general managers, superintendents, and I was the president, and the manager, and the janitor, and that is how we were able to do it.

Q. Were the prices that you were attempting to get at that

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time profitable prices for your company?

A. Yes. In fact, we wish we could do as well today.

Mr. Fritz: Move to strike that as non-responsive.

By Mr. Story:

Q. Mr. Damon, you previously had worked for A.D.T. in installing alarm systems. Did A.D.T. use a different method of calculating its installation charges when you worked with that company?

A. Yes.

Q. From the method that your company used after you went into business?

A. Yes.

Q. Would you explain the differences?

A. Well, when I was estimating for them, we will just take a price of $100, say the job is $100 for installation and [fol. 3472] material, that is labor and material. So then you would double that, in other words, if you figure the labor and material was one hundred, you would double it. That would be two hundred. Then you added twenty per cent experimental fee, which would be $40. So the $100 job comes out two forty. I figured that looked like an outright sale, they were selling the equipment and making a profit. So when I started up, we just figured one-third of the cost of the equipment. In other words, the subscriber didn't have a word to say, the equipment

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was actually leased. He says if I want to buy the equipment, then we refigure the job.

Q. Did you discuss that difference with Mr. Sherer that day?

A. Oh Yes. I told him. We have a true lease and they didn't have. I told him they sold their equipment and made

a profit the minute the job was finished, and it would take us anywhere three to five years to come out.

Now, he couldn't understand the discrepancy, see, I said, "Well, we are actually leasing the equipment where you people are selling it, but you are still retaining title."

Q. Do you recall anything else that you discussed with [fol. 3473] Mr. Sherer at this luncheon meeting?

A. No; only that I got the impression he was trying to worry me about——

Mr. Fritz (interrupting): I move to strike that.

By Mr. Story:

Q. Don't give us any impressions. Try to recall what the man——

A. (Interrupting.) Well, he brought up the fact that, "You know, we can cut our rate to ten dollars a month, and we can lose money here for years." So he was trying to scare me, is the only thing I could figure.

Mr. Fritz: I move to strike out that part

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having to do with what Mr. Sherer was trying to do.

By Mr. Story:

Q. Is that what Mr. Sherer told you?

A. Yes, he told me they could cut the rate to ten dollars a month. I agreed with him, they could.

Q. Did Mr. Sherer make any statement about you soliciting A.D.T.'s accounts?

A. Oh, yes.

Mr. Fritz: I object to this as leading.

A. He was hot about that, that I was hustling all their accounts, and I told him that I was not. That I did not call on an A.D.T. subscriber unless they called me. And I said, [fol. 3474] "What do you want me to do when one of your customers calls me, tell him to go to hell because they already got A.D.T.?" I said, "If one of my customers calls you, you would call on him." But he was very upset because I was calling on his customers.

And right today, we have never called in to an A.D.T. subscriber and said, "Look, we can do it cheaper." We never have.

Q. Since you have been in the central station business you have never, on your own, solicited any accounts serviced by the American District Telegraph Company?

A. I have not. Because the only time, I can always tell when A.D.T. raise their rates, we get eight or ten

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calls from their subscribers. I go down and say, "What are they doing, raising you?" and they say, "Yes." But we have never called on anyone that did not call us that had an A.D.T. alarm, and I hope we never have to.

Q. Well, did you discuss the subscribers—strike that. At that time had you obtained any alarm accounts which had formerly been serviced with central station service by the American District Telegraph Company?

A. Yes.

[fol. 3475] Q. Approximately how many had you secured by that time?

A. Oh, at that date I can't remember, wasn't very many, maybe ten or fifteen, but they even objected to that.

Q. Did Mr. Sherer make any comment as to the type of subscribers you had obtained from A.D.T.?

A. Yes, he said——

Mr. Fritz (interrupting): I object to the form of the question as leading. I don't object to you asking as to the nature of the conversation, but I think these questions have all been suggestive and leading.

A. Well, he——

By Mr. Story:

Q. (Interrupting.) Mr. Damon, what else can you recall that Mr. Sherer stated to you during this luncheon meeting?

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A. He said, "Boy, you sure got a bunch of dogs." That was the ones I got from him. And I said, "Well, I am happy with them, throw me some more."

Q. Approximately how long did this luncheon meeting last?

A. Oh, I would say it lasted an hour and a half, because that waitress come around there half a dozen times, wiping the table, trying to get us to go, I guess. Because we just got to talking and we just kept talking.

[fol. 3476] Q. You mentioned earlier that Mr. Sherer wanted to know the number of various types of alarm systems your company had at that time.

A. Yes. He did. I thought they had a lot of nerve. I didn't care how many they had. But——

Q. (Interrupting.) Did you tell him?

A. Yes, I told him, Of course, I inflated it, because I knew they would discount it. And as I say, I wouldn't contact them and say, "How many burglar alarms have you got and how many fire alarms have you got?" It is none of my business. But they didn't hesitate to call on me. And that was a New York office demanding the information, and I didn't think they even knew I was in business, in New York.

Q. Now, Mr. Damon, after this meeting with Mr. Sherer, and I think you testified in 1953, did there come a

time later when you met with any representative of the American District Telegraph Company?

A. I met a Mr. Warren or Warner, I can't remember. But we had a deal come up at Jacobs Warehouse, and Jacobs called me and I went down to give them a price to reinstall, A.D.T. had the account, ten sprinkler systems and four burglar alarms. And I gave them an installation price of [fol. 3477] $4400. I don't recall the monthly service, I think it was about $126 a month. And they were real pleased, they said, "You got the job but we are going to talk it over and let you know." So there were two brothers, Norman and Joe Jacobs.

Q. What was the name of the company?

A. Jacobs Warehouse Company.

Q. Where was that located?

A. Their main office, 1328 West Twelfth.

Q. Where was the installation that you were bidding on?

A. 1328 West Twelfth, 1100 Santa Fe, which was down

the street, 1322 West Twelfth, and 1107 Hickory. They were all within a square block. And——

Q. (Interrupting.) When did this take place, sir?

A. Actually, this was in '51. This was after the flood.

Q. Did A.D.T.——

Mr. Fritz (interrupting): Could I ask when in '51?

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The Witness: The flood was in August, so it took about a month to clear the area, so I would say September. We waded in mud. We had big boots on and walked through the buildings in order to give them a price.

By Mr. Story:

Q. Was A.D.T.'s alarm system in service at that time?

[fol. 3478] A. It was up to the flood, and the flood got everything wet, so they would have to replace everything on the basement and first floor. The water only went up to the ceiling of the first floor. So I went down and I agreed to replace it all. The had six or seven-story building, for $4400.

Now, that is as far as they went with me. And they said, "We will talk it over and let you know." So he calls me in about a week and said, "A.D.T. has called us and says, 'Don't do a thing, we have a man coming from New York, he is going to offer you a terrific deal.' "

So, then they called me and had me, made an appointment for a certain time in the afternoon, 1 or 2 o'clock, and I went down there, and this Warner, or Warren, was there from New York. They introduced me to him. And so I sat outside while they talked, and finally they left and I went in to see them. And A.D.T.

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had bid, they told me, $8,000 to replace the damaged equipment. That is the first I knew what they had bid. And this fellow from New York, after they found out I was bidding on it, they offered to put it in free, but they wanted ten per [fol. 3479] cent a month more on the service charge.

By that time, Jacobs was so mad they wouldn't give it to them, because they felt if they could do it for free now, why didn't they do it before instead of quoting $8,000.

Q. Did you get the job?

A. I got the job.

Q. Did you talk to this Mr. Warner while he was here?

A. Just met him. Introduced to him, and that's about all. And he nudged Sherer and says, "Is that our competitor?" And Sherer says, "Yes." That is about all that was said.

Q. Did there come a time after this when you met with representatives of the American District Telegraph Company?

A. Well, the next one I know of, was last fall when Highstone come in. I guess it was last fall.

Q. What was his name?

A. Highstone.

Q. Is he employed by A.D.T.?

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A. Yes; he is an executive in New York now, he is some kind of assistant superintendent, I think, assistant plant superintendent. I think that is what his card said. And he——

[fol. 3480] Q. (Interrupting.) Did he give you his card?

A. Yes.

Q. Do you still have it?

A. No. Anything like that, we don't keep.

Q. How was your meeting with Mr. Highstone arranged?

A. Well, Mr. Sherer—I was out and I come in and I had a note there to call Victor 2-0262, which is the same number they have had for forty years, and I have called it a thousand times, so I knew right away it was A.D.T. And, as I say, I am real leery of them, I don't bother them at all, I don't call them, don't contact them or anything. So every time they have called, it has been them calling me, I have never called them.

So, I called, and, didn't have any name, just said, "Call Victor 2-0262", and that is A.D.T., and I called for Sherer and I got him on the phone and he says, "I have a man here from New York wants to talk to you." I said, "What do you mean, he wants to talk to me?" I said, "Do you think this is kosher?" He says, "Yes, this is on the level," he says, "it is the benefit of both of you." I says, "Well, I didn't know whether I

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should or not." I said, "O.K., have him come on out." So he came out that afternoon, and somebody come with him [fol. 3481] but they stayed in the car and they didn't come in. He come in alone.

Q. Where did you meet with him, sir?

A. At our building.

Q. At your office?

A. Yes. And when they said, "Highstone", over the phone, I didn't connect it, but when he come out I remembered him, he used to be in this area. And we talked about old [illegible]s and so forth, and so he said his purpose in coming out was to tell me, or warn me that A.D.T. attorneys were going to call on me, and he just wanted to let me know they they were coming so that they wouldn't just drop in bold.

And so I wondered if it was in connection with this case, and he said yes, and so I guess he was there two or three hours. And we had quite a discussion about the old days and so forth. And he said——

Q. (Interrupting.) What did Mr. Highstone say to you concerning this lawsuit?

A. Well, he said, "We know our hands aren't clean, but," he says, "you know we are not bad competitors." And I said, "Hell, you aren't. When you start giving

[fol. 3482] Page 40

these jobs away, how do you figure you are not bad competitors?"

Mr. Fritz: I move to strike this part as non-responsive. That part having to do with what you told him.

Mr. Story: I will ask another question.

By Mr. Story:

Q. What did you reply to Mr. Highstone when he stated to you that A.D.T. was not a bad competitor?

A. Well, I stated that I didn't see why they were good competitors when they gave these jobs away free.

Q. Tell us what else was said at that meeting, if you recall.

A. Oh, they were kind of upset and he was kind of upset, worried, that they were going to break the company up.

And I said, "Boy, I hope they auction off all the offices." I said, "I am saving my money so I can make a down payment on this Kansas City office." And he says, "Well, maybe I can get together with some of the executives in New York and maybe we can buy the New York office." It was a real friendly meeting, what I mean.

He was worried about it, what I mean, what all the Justice Department was trying to do to them, and it was unfair and all.

Q. Did he tell you what the Department of Justice was

[fol. 3483] Page 41

attempting to do?

A. Yes. They were trying to get them to sell the manufacturing facilities and get rid of Holmes in New York, and A.F.A., and I said, "Well, that is not enough." I said, "They ought to sell off every office individually."

Q. Did Mr. Highstone say anything as to what this lawsuit would do to the industry as a whole?

A. Oh, boy. What a brain-washing I got there. He tried to point out to me that, I said, "Yes, boy, I hope they sell every one of these offices, I will be down there bidding on this local one." He says, "If you don't get it," he says, "an independent gets it, or a group," as they say, "some individual gets it or a group of individuals gets it," he says, "they are going to be worse competition." I said, "How do you figure?" He says, "Well, they will be right here with you, and if you cut the price, they will cut the price." I said, "Well, look, anybody can only cut the price so far. They have a year or two of losing money," I said, "they are going to raise that price," I said, "whereas you guys can pull that money in from different areas, you don't care whether you make any money here or not." I said, "An individual owning this company might lose money a year or [fols. 3484-3485] two but he will find a way to make it, and the only thing he can do is bring his prices up."

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So he wasn't scaring me that way.

* * * * * * *

[fol. 3486] Q. Mr. Damon, does your company allow subscribers to pay the installation charges in an installment plan?

A. We try not to. We will let them pay it out in 90 days, that is, three payments, and the year maximum. If they want over a year, we just pass the job up.

Q. Do any of your competitors here in Kansas City allow subscribers to pay for the installation charge over a period of years?

[fol. 3487] A. Yes.

Q. What company is that?

A. American District Telegraph Company.

Q. Over what period of years will A.D.T. allow the payment?

A. They will stretch it out over a five-year period.

Q. Why doesn't your company allow subscribers to pay the installation charge on the installment plan?

A. We don't have enough capital.

Q. Mr. Damon, why have you decided to seek the approval of the insurance organizations to conduct approved central station protection service her in Kansas City?

A. Well, your best business is approved. And the minute they ask for a central station certificate, we are unable to give it to them. So that, I would say, leaves us out of 25 to 40 per cent of the business. We go in and bid a job, and the price is satisfactory and all, but they call us back and say, "Now, is this a certified central station?" We say, "No." Well, that kills it right there.

Q. Do you do the solicitation or selling for your company?

A. Yes.

Q. Say in the last year, approximately how many instances have you come in contact with where you had bid on a job, or were requested to bid on a job, and could not bid because you were not an approved central station?

[fol. 3488] A. I wouldn't know exactly. But I would say it will average a couple of months. I did two in the last month. One was a fur shop. He called us, and I went out and gave him a price, but as soon as the insurance agent

called me, that killed that.

Q. Now, going back through the years, when you first started in the central station business, has that same type of occurrence occur very often?

A. Oh, yes. But at that time we were so small that it would be ridiculous to think of an approved central station. What we did is, waited till we got a group of local alarms, and our income would go up maybe six or seven hundred dollars a month, and then we would feel, we can go into an unapproved central station, and actually, I would say that we are six or seven years behind. We should have had an approved central station six or seven years ago.

Q. Can you be actually fully competitive with an approved central station company if you don't have the approvals yourself?

A. No. You couldn't do it, and we found that out, and it was about a year and a half ago. You see, what happened, if I remember correctly, in 1960 our income dropped about [fol. 3489] $5,000 from '59. In other words, that is when we found out that we either got to go approved or get out, because we just couldn't do any good in the unapproved field.

So, in 1960 when our year ended September 30, and the auditor got through with the books and he said,

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"Boy, you didn't do so hot, you are going backwards", and I said, "I know it, I can tell that by my bank account." So I couldn't decide what to do. I fought this thing for about twelve years, and it looked like we had hit our peak and then we are going back down, we just couldn't do a thing without an approved central station; we didn't have enough money to go into an approved central station.

So, I just got to the point, I said, "Well, we either got to go forward or quit, that is all. We can't stay there in this position." So, as I say, I had been fighting it for twelve years, I was wore out, and I said, "Well, I will just try to sell out." So I sit down and I wrote A.D.T. a letter, and I didn't write it to any official, just "American District Telegraph Company. Gentlemen:" see.

Q. Where did you send the letter?

[fol. 3490] A. To New York. I,—I believe 106 Sixth Avenue or whatever it is. And I typed the letter myself and

just made one copy because I didn't want to see—the employees to see it. If they get the idea I am trying to sell out, they will scatter. So I mailed it myself. I didn't want anybody to see the American District Telegraph Company address on the envelope after I typed it, and stuck it in my pocket and took

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took it to the Post Office and mailed it.

In other words, if I could have got what I considered a face-saving deal, I would have got out, I would have quit, see.

So, about a week or ten days I got a letter back, and actually the gist of my letter was, "Look, fellows, we are ready to quit, make us an offer," see, and I got a letter back, and it was real snotty, I thought, that they weren't a bit interested in bidding on my business, and so forth. So I just tore the letter up and threw it away. And that is when I made up to my mind, "We are going to prove if it breaks us", and it has taken us a year and a half, and I will say we will be in our new office in about two weeks.

* * * * * * *

[fol. 3491] By Mr. Fritz:

Q. You left A.D.T. in 1944, did you not?

A. Right.

Q. You had been working on certain Army installations out in Kansas?

[fol. 3492] A. Right.

Q. And at some rate of pay that was required because this was a Governmental job?

A. Right. It was not the company rate. It was the Government rate.

Q. And you were discontented with the company rate and therefore left?

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A. Absolutely.

Q. You left as a disgruntled employee?

A. You are not kidding. I even returned my service pin

to Mr. Ward, who was executive vice-president. I got, you know, one of those service pins, and I sent it back.

Have you got that letter there? That was a honey. That was about four pages.

Q. I don't have a copy of it, but if you do, I would like to see it.

A. I don't have it. That's been what, 18 years ago?

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Q. You did leave in a state of disgruntlement?

A. On account of W. G. Walker, and then when he passed away, that was it.

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Q. So that it is possible, and, in fact, it does happen, that [fol. 3493] you have subscribers to local alarm service who have businesses and protection problems that are similar to some of the subscribers to your central station service?

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A. What do you mean, similar? What problems would that be?

Q. Well, the same sort of protection risks and property loss hazards, same general type of location situated in the same general business and neighborhood.

A. The only difference between a local and a central station, the local rings a bell, the central station rings in the office. We install them all the same, for one reason, if a man decides later to put a central station in, we change the box and that's all.

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Q. Do you recall writing this letter?

A. Yes, I remember that one.

Q. Mr. Damon, do you recognize that paper?

A. This paper?

Q. Yes.

A. Sure.

Q. Does it bear your signature?

A. Certainly.

[fol. 3494] Q. Could I have it, please.

A. Yes.

Mr. Fritz: And ask that it be marked.
Mr. Eveloff: Just a moment.

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Mr. Fritz: Defendants' Exhibit A for identification.

(Thereupon a letter was marked by the reporter for identification as Defendants' Exhibit A.)

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By Mr. Fritz:

Q. Are you familiar with the names of other companies in this area providing alarm service?
A. Yes.
Q. What are they?
A. Mossie, Alarm Engineering and Alarm Systems, Incorporated.

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Q. You mentioned that you are able to sell the equipment outright?
A. Yes.
Q. Is that sold to subscribers of central station service?
A. We haven't had any requests to sell central station equipment.
Q. The subscribers don't want it, do they?
A. No. And in the case of sprinklers, it is too expensive.

* * * * * * *

[fol. 3495] By Mr. Fritz:

Q. Mr. Damon, would you be good enough to attach a copy of that outright sale contract that you mentioned to this deposition when it is presented to you for signing?
[fols. 3496-3497] A. Yes. We use them so seldom, but we have to have them.

* * * * * * *

[fol. 3498] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 325

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

vs.

GRINNELL CORPORATION, AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

Deposition of Clifford T. Davis, Protection Engineering Corp., 6900 South Hover Street, Los Angeles 44, California.

Page 3

Direct examination.

By Mr. Fritz:

Q. Will you state your home address, Dr. Davis?
A. 633 Howland Drive, Inglewood.
Q. What is the nature of your business, your occupation?
A. Well, I am the executive vice-president of Protection Engineering Corporation.
Q. The business of Protection Engineering Corporation is what?
A. That is alarm systems, approved central station alarm systems. I might say approved and unapproved, I am sorry.
[fol. 3499] Q. Where is the place of your company?
A. 6900 South Hoover, Los Angeles 44.
Q. How long has your company been in that business?
A. We got our approvals in 1953.
Q. Had you been in business prior to the time that you got your approvals in 1953?
A. They started out with some equipment sales. I

wasn't with them at the time. I believe it was about a year or two before that. I don't know the exact address.

Page 4

Q. When was the company, as Protection Engineering Corporation, organized?

A. I can't give you the exact date on that.

Q. Was it before you came with them?

A. Yes, I came in 1956, you see.

Q. So sometime prior to that, at any rate?

A. Yes.

Q. And they had been in business as a company furnishing protection service about three years before you came with them?

A. That is right.

Q. And I take it that is here in Los Angeles, is that correct?

A. Yes.

* * * * * * *

[fol. 3500] Q. Now, when you came with the Protection Engineering Corporation in 1956 there were other companies in the City of Los Angeles engaged in the selling of protective service, were there not?

[fol. 3501] A. Yes.

Q. Both central station and local?

A. Yes.

Q. What central stations were in business here?

A. Well, there was A.D.T., and I don't know that Morse had started at that time or not. I believe they had.

Q. Any others?

A. They were the only ones that had an approved

Page 6

central station, that I know of.

Q. Were there some that had unapproved central station?

A. Oh, I think not. I don't believe you would call them central stations. They had answering services and local alarms.

Q. What kind of protective service does Protection Engineering Corporation furnish?

A. Oh, sprinkler supervisory service, watchman tour, all kinds of industrial process supervision, and automatic fire detection systems, burglar alarms, hold-up alarms.

Q. Does your company, or any division of it, also provide guard or patrol service?

A. No.

Q. Did your company at some time in recent months acquire some watch or patrol or guard service?

A. I don't understand that, what you mean by that.

[fol. 3502] Q. Has your company got a division known as General Protection?

A. No.

Q. Your company is not connected, then, with General Plant Protection, I take it?

A. The only connection with General Plant Protection Corporation is that Mr. Ralph E. Davis is the general partner of General Plant Protection Company, and he is also the president and on the Board of Directors of Protection

Page 7

Engineering.

Q. It is a separate corporation?

A. Separate corporation completely.

Q. They are engaged, however, substantially in plant guard and patrol protection service, are they not?

A. Not patrol, just guard, on-the-premise guard service.

* * * * * * *

[fol. 3503] Q. Does Protection Engineering Corporation provide local burglar alarm service——

A. No.

Q. —as well as central station?

A. Excuse me. Now, wait a minute. Local—no local burglar alarms.

Q. Only central station burglar?

A. Only central station.

Q. What is the bulk of the business done by

Page 8

Protection Engineering Corporation so far as type of protective service is concerned?

A. I think we have about 60 per cent fire protection and about 40 per cent burglary and hold-up.

Q. Well, that adds up to the whole, doesn't it?

A. Yes.

Q. I suppose under "fire" you include sprinkler supervisory, waterflow?

A. Yes.

Q. And automatic fire detection, is that right?

A. Yes.

Q. Now, where do you classify industrial process?

A. As an example, we have places where we supervise the temperatures in refrigerated rooms.

[fol. 3504] Q. Pressures?

A. Pressures.

Q. Water levels?

A. That is right.

Q. But in what category do you place those? In your 60 per cent of fire, or your 40 per cent of burglary?

A. There are so few of them. Most of them are connected with fire, with the fire system.

Q. Going back to 1956 and coming right up to the present time, has there been an increase in the customers in each of the categories of service?

A. Yes.

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Q. Are you familiar with the approximate number of customers which the company had for each type of service during that period?

A. Yes.

Q. Would you give me the number of customers in total?

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Mr. Fritz:

We have the last question pending. Let's see if we are together. Will you give me the last question.

The Reporter:

"Q. Will you give me the number of customers in total."

Mr. Fritz:

Q. Can you give it to me from 1953 to date?

A. I can start at '55.

[fol. 3505] Q. All right.

A. Our fiscal year is from May 30th to April 1st. These are based on that. 1955 we started with 55 accounts. Do you want those broken down?

Q. If you will it will save a little time.

A. These are quite accurate. There could be a little bit of discrepancy.

Q. They are reasonably accurate, are they not?

A. Yes. Twenty-nine fire, 26 burglary. 1956, 49 fire, 34 burglary, and two industrial supervision.

'57 we had 71 accounts, three industrial

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supervision, and 49 burglary.

1958, 94 fire, three industrial supervision and—I am sorry, four industrial supervision, and 64 burglary.

1959 we had 120 fire, 87 burglary, four industrial supervision.

1960, 146 fire, five industrial supervision, 125 burglary, and that's it. That includes 1960.

Q. That is 1960, April, to April of 1961?

A. Yes.

Q. Now, can you give me the same thing in terms of gross revenue for the same period, and the total, and broken down?

[fol. 3506] A. 1955 the installations were $6,356.83. Services, $10,069.25. We have equipment sales totalling $39,346.90. We are distributors for Potter Electric.

Q. Yes.

A. In 1956, subscribers' installations, $11,618.86. Service, $19,533.08. Equipment sales, $50,970.23.

I don't have the breakdown for 1957, but the total of all the services—our gross was $101,225.73.

Q. For that year?

A. For that year. That is the only one that I don't have it broken down.

1958: Installations, $66,413.09. This is yearly service: $6,907.97.

Equipment sales: $40,352.53.

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1959: Installations, $76,237. Service: $53,615 and equipment sales is $47,132.

1960 is—installations: $41,420; service, $130,958; equipment sales: $44,946.

To April, 1961, installations, $57,667; central station revenue, $126,058.

Q. That is service charges, that last item, is that right?

A. Service charges. Now, wait a minute. These figures are mixed up here. I am sorry. These are mixed [fol. 3507] up here. The service is $147,568.

Q. That is for the fiscal year ending April 30, 1961?

A. Yes. $147,568. And you have got the installation, $57,667, and the equipment sales, $47,663.

• • • • • • •

[fol. 3508] Q. Now, I presume that your protective service furnished by the Protection Engineering Corporation is the subject of written contract, is that right, to your subscribers?

A. Yes.

Q. Do you have sample contract forms with you?

A. Yes.

Q. Would you produce them, please?

A. Yes. Our sprinkler supervisory service contracts, we use that same contract for automatic fire detection. We just fill it in.

Q. You have been good enough to hand me three copies of each of three different types of contracts, have you not?

A. Yes.

Q. Do they represent all of the types of contracts which [fol. 3509] are used by Protection Engineering Corporation in the rendition of protective service?

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A. Occasionally somebody will want to change a contract and write their own contract.

Q. In general, however, does this represent the usual form of contract, is that right?

A. Yes.

Mr. Fritz:

I will ask that these be marked Defendants' Exhibits 1, 2, and 3 in this deposition.

(The three documents referred to were marked by the notary public as Defendants' Exhibits 1, 2 and 3 respectively for identification, copies of which are attached hereto.)

Mr. Fritz:

Q. Mr. Davis, I note in these forms of contracts that you have been good enough to produce, and which have been marked Defendants' Exhibits 1, 2 and 3 for identification, there is a provision to the effect that all the equipment provided for use on a subscriber's premises shall remain the property of your company, is that correct?

A. Yes.

Q. Has that provision been in that contract since you have been connected with Protection Engineering Corporation?

A. Yes.

Q. Based upon your experience in this business, is that [fol. 3510] a usual provision in the contracts of protection service companies?

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A. Yes.

Q. I haven't had an opportunity to examine these contracts in detail, but would you tell me what is the normal duration or period of service under these contracts which your company uses?

A. We write a firm contract. The sprinkler service contracts will probably average three years. Burglar will average maybe two years.

Q. And the watchman supervision service?

A. We have so little of that. Oh, I'd say three years. That is kind of a guess.

Q. Do these contracts provide for automatic renewal?

A. No. We renegotiate.

Q. I gathered from what you said at the outset of your

testimony that your company provides protective service both of the approved and the unapproved variety, is that correct?

A. Yes.

Q. Which service is in the approved category and which is in the unapproved?

A. Almost 100 per cent of our fire protection systems are approved by either Factory Mutual or the Pacific Fire Rating Bureau.

Q. Is there some that is not?

[fols. 3511-3512] A. I don't know of any that aren't offhand. On the

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burglary——

Q. That includes sprinkler supervisory, waterflow, and automatic fire detection, right?

A. That is right.

Q. How about burglary?

A. Burglary I just checked. Almost ten per cent are U.L. approved.

Q. Ten per cent are?

A. Are approved, U.L. approved.

Q. Are approved, And 90 per cent——

A. Ninety per cent are unapproved.

Q. When we use the terms "approved" and "unapproved" we are referring to——

A. Underwriters' Laboratories.

Q. —Underwriters' Laboratories and the possibility of subscribers obtaining discounts from the normal insurance premiums which he would otherwise have to pay, right?

A. Yes.

Q. In the case of approved, the subscriber may get such a discount; in the case of unapproved he normally may not, although occasionally he may, is that right?

A. That is right.

* * * * * * *

[fol. 3513] Q. What is in general the area in which your company renders protective service, Mr. Davis?

A. The metropolitan area and the surrounding municipalities within, possibly 25 miles of our central station.

• • • • • • •

[fol. 3514] Q. In these municipalities that are on the outskirts of Los Angeles, if I understand that correctly, do you furnish any type of service other than that which you have heretofore described? For example, do you furnish what is known as direct-connected or remote station service?

A. Yes. We have one in Bakersfield and one in Fresno. We have one in Anaheim.

Q. Just those three? I mean, there might be three or four but——

A. We have more. I will say five altogether, possibly.

• • • • • • •

[fol. 3515] Q. You do not manufacture, I take it, the equipment which you use in your central station business?

A. No.

Q. Do you purchase it from outside sources?

A. Most of it from Potter.

Q. Has that been true over the years?

A. Yes.

Q. That, I suppose, relates not only to your central station equipment as such but also the actuating devices on subscribers' premise?

A. Yes.

Q. You have had no difficulty obtaining whatever equipment you wanted over the years, I take it?

A. No.

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Q. There are other equipment suppliers in this field in the country, are there not?

[fol. 3516] A. Yes.

Q. Upon the termination of any one of your service contracts, and if it happens that a subscriber doesn't care to continue with your service any longer, what is the practice of your company with respect to the removal of your equipment on a subscriber's premises?

A. We remove the equipment, let's say, that it pays us to remove. If there is too much labor involved, we don't remove it.

Q. For example, some of the wiring and the lead foil, and that sort of thing, around the doors and windows?

A. Most of the contacts. We remove possibly only the transmitting equipment in most cases.

Mr. Halper:

Mr. Davis, let him finish his question before you answer. It will be easier for you.

Mr. Fritz:

Q. We are running together a little bit. But if I understand you correctly, there is a certain amount of this equipment on the subscriber's premises that is non-recoverable from an economic point of view, isn't that right?

A. Yes.

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Q. And that you don't attempt to recover?

A. No.

Q. The rest you remove?

A. Yes.

[fol. 3517] Q. Has that been the practice of your company ever since you have been with it?

A. Yes.

Q. That is generally the practice in the protective service field, isn't it?

A. Yes.

Q. Are you familiar with the elements that go into the making of the installation charge?

A. Yes.

Q. What are they?

A. Well, we have a set price for foil, we have a set price for door and window contacts on different types of window, we have a set figure for the type of equipment installed, and the same price on the fire protection equipment. On the monthly service——

Q. Wait a minute. Let's stick with the installation charge.

A. Okay.

Q. You have been talking about the material and the equipment that is furnished on a subscriber's premises?

A. Yes.

Q. Does the installation charge, as you make it up, include the cost of both the non-recoverable and the recoverable equipment?

A. Yes.

Q. In addition to that is there a labor charge involved [fol. 3518] for the installation on the subscriber's premises?

A. Yes. Usually the equipment includes the labor charge when we figure the job.

Q. In the figure that you give the subscriber?

A. Yes.

* * * * * * *

[fol. 3519] Q. I take it that although you don't furnish local burglar alarm service, there are a great many persons and organizations in Los Angeles furnishing that kind of service, isn't that so?

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A. Yes.

Q. And they compete with you, do they not, for burglary protective service?

A. They compete. We don't consider local alarms much competition with our central station service.

Q. But don't you from time to time find that you are bidding against people in that field and that they get some contracts where you don't get them?

A. Oh, yes.

Q. What?

[fol. 3520] A. Yes.

Q. That is a fairly frequent occurrence, is it?

A. Not so frequent, no.

Q. But it does exist?

A. Oh, yes.

Q. Now, from the standpoint of the persons or organizations who constitute your competition, who are they?

A. Well, there is A.D.T. and Morse and the American Fire Dispatch, are our big competition.

Q. Are there some lesser companies or organizations who are also in that same category?

A. Well, there are several companies that have gone in recently, into burglar alarms with central station equipment.

Q. Such as?

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A. Let me see. We have recently the U.S. Burglar Alarm Company that has gone into business.

Q. Is that an approved company?

A. I am not too sure on all their approvals. I think they have some approvals for burglary. And Monarch, there is the Monarch Burglar Alarm building a central station now and have quite a good deal of equipment. And there is U.S. Burglar Alarm is going into it. And there is a Standard that is in Beverly Hills that are going into this business.

[fol. 3521] Q. Central station?

A. Well, I think they have some approvals. I am not too sure.

Q. Are these all central station companies?

A. They have some central station equipment to handle burglar alarms.

Q. Now, I think you said that one of the factors which entered into a departure from what you regard as your ordinary prices was competition, is that right?

A. Yes.

Q. Is that true in all fields of protective service? By that I mean each of the different types of protective service that your company furnishes?

A. Yes.

* * * * * * *

[fol. 3522] Q. Now, you said before that there have been situation in which you were competing with A.D.T. in which you got contracts, right?

A. Yes.

Q. Do you have a list of those?

A. Well, one of them would be Northrop Aircraft Corporation, their Hawthorne facilities.

Q. What is the name of that? Northrop?

A. Northrop Aircraft Corporation.
Q. Is that a large account?
A. Yes.
Q. What was the nature of the service involved?
A. Sprinkler supervisory, complete sprinkler supervisory service.
Q. Is that an airplane production plant, or is it a parts plants?
A. Airplane production and parts.
Q. I suppose it is a company that employs many thousands of people, is that right?
[fol. 3523] A. Yes.
Q. And it has a great many large buildings in its area?
A. Yes.
Q. You got that contract?
A. Yes.
Q. Bidding against A.D.T.?

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A. Yes.
Q. When was that?
A. I think we received the contract in about the 1st of December.
Q. What was the installation charge?
A. About $29,000.
Q. And the service charge?
A. $975 a month.
Q. Do you know what A.D.T.'s figures were?
A. No.
Q. Was anybody else in on that?
A. Morse.
Q. Just the three of you?
A. Yes.
Q. Do you recall some others? That was a big one, wasn't it?
A. In fact, that is the biggest sprinkler supervisory account in Southern California.
Q. Is it, really?
[fol. 3524] A. Yes.
Q. I suppose that it was a real hard try on everybody's part to get that job?
A. No question about it.

Q. And you got it?
A. And we got it.
Q. Do you remember any others.

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A. Well, the biggest share of the accounts that we got this year, A.D.T. bid on them.
Q. I want to get a fair——
A. You want some specific——
Q. I want to get a fair picture of this, Mr. Davis.
A. Yes.
Q. You had a list prepared there. I don't know quite why you had a list of those that you didn't get. Did Mr. Story ask you to get up such a list, by the way?
A. I was told that I would be asked that question.
Q. I see. Who told you that?
A. Mr. Story.
Q. But you didn't make up a list of the contracts which you procured in bidding against A.D.T.?
A. No, I didn't.
Q. You hadn't had a chance to talk to me about that, apparently.
A. No.
Q. Give me, to the best of your recollection, the con-[fol. 3525] tracts that you did get in bidding against A.D.T. over a similar period.
A. Burroughs Corporation.
Q. Burroughs?
A. Burroughs Corporation. They make adding machines.
Q. Is that an adding machine company?

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A. Yes.
Q. Here in Los Angeles?
A. Well, it is called the City of Industry.
Q. What?
A. They call it the City of Industry. It is actually the Los Angeles area.
Q. What type of service?
A. Sprinkler, complete sprinkler supervisory service, and burglar alarm service.

Q. Is that a large installation?
A. Quite a pretty good size, yes.
Q. Who was in there bidding besides yourself?
A. A.D.T. only.
Q. No one else?
A. Nobody else.
Q. You got the contract?
A. Yes.
[fol. 3526] Q. I suppose neither of you knew the figures submitted by the other?
A. No.
Q. What other contracts come to your mind, if any?
A. I wish I had prepared something for this. Offhand it is awful hard for me——
Q. Have there been a number?
A. Yes, there's been a number, yes. In most cases we have had to bid against competition, on most of our jobs.

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Q. But numerically would the number of those on which you got contracts bidding against A.D.T., and the others, be about the same as that list which you gave us a few minutes ago?
A. I don't believe as many, no. A.D.T. usually underbid us.
Q. I beg your pardon?
A. A.D.T. normally underbid us.
Q. Does Morse normally underbid you?
A. Yes.
Q. Approximately how many contract situations do you think there were in which you were bidding against A.D.T. where you were the successful bidder, just in this last same period of 1961?
A. Maybe ten, I would say, possibly.
Q. And they related, I take it, to a variety of businesses and industry?
A. Yes.
Q. Some of them were large, some of them were [fol. 3527] medium, and some of them were small, I take it?
A. Yes.

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Q. Do you know whether or not the guard service which is furnished by the General Plant Protection is a service that is provided to supplement existing protection service systems of other kinds, or is it the only kind of service furnished in the plants where that guard service is furnished?

A. There are some compulsory watch tours.

Q. But aside from that——

A. Not that I know of any other.

Q. Would it be fair to say that the amount of protective service furnished by guards or watchmen in the City of Los Angeles and Adjoining areas runs into very high figures, revenuewise?

A. Yes.

Q. In the millions?

A. I would say so, yes.

Q. Aside from General Plant Protection, are there other organizations in the City of Los Angeles which furnish a similar type of service?

A. Yes.

Q. Who are they?

A. Well, there is Walworth Detective Agency furnishes guards. There is Burns, of course, and——

Q. Pinkerton?

A. Pinkerton, and Dawn Patrol. Oh, there is many of [fol. 3528] them. California Guard Service—I don't know all of them.

* * * * * * *

Q. Well, anything relating to the competitive situation that you haven't told me about, of a factual nature?

A. Yes.

Q. Of a factual nature?

A. When we first got in business we tried to make a little money, or at least tried to break even on our installations.

Q. What year was that?

A. Back when I started.

Q. In 1956?

A. '56. But today it is almost impossible to procure

an account and be able to at least break even on the instal-
[fols. 3529-3531] lation costs. In other words, our competition is selling the accounts below the cost of installation, their actual cost.

Q. Does that apply also to Morse?

A. Yes. All our competition here.

Q. All your competitors?

A. Yes.

Q. Who are they?

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A. Well, there is—the only competitors that are important at all are A.D.T. and Morse and American Fire Dispatch.

Q. Does it include American Fire Dispatch?

A. Oh, yes.

* * * * * * *

[fol. 3532] Q. Mr. Davis, does the City of Los Angeles allow any alarm systems connected to the police or fire department?

A. No.

Q. Do you know whether or not any of the small municipalities, separate municipalities in Los Angeles County, allow direct-connected alarm service?

A. Yes.

Q. Do you have any idea of how many?

A. I was going to say Burbank, but they haven't recently. They have discontinued that. Hawthorne and Inglewood are about the only one that I know of.

Q. How many, approximately, separate municipalities would you have in Los Angeles County?

A. That is a tough one.

Mr. Fritz: Could I have that question re-read.

(Whereupon the pending question was read.)

The Witness: There must be 15, anyway. With a map
[fol. 3533] I could pick them out, but I don't——

Mr. Story:

Q. Approximately 15 separate——

A. Approximately 15, that have their own little governments.

Q. Their own separate city governments?

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A. That is right.

Q. And out of those separate city governments within the County, how many of the cities, to your knowledge, will allow direct-connected alarm systems?

A. I don't think there are over three or four.

Q. Now, does Los Angeles County, where the County has the Jurisdiction, allow alarm systems to be connected with its police or fire departments?

A. No. Let me qualify that. They at one time—the County had some alarms in there. I believe they have been discontinued. I don't believe they allow them.

* * * * * * *

[fols. 3534-3535] Q. I think it was your testimony, Mr. Davis, that you don't engage in local burglar alarm service?

A. Yes.

Q. Do you have any local fire alarm subscribers?

A. Yes.

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Q. About how many?

A. I have to qualify that due to the fact that any local fire alarm that we install, we sell directly to the subscriber.

* * * * * * *

[fol. 3536] Mr. Story:

Q. Mr. Davis, would you state the policy of your company concerning the allowing of protection subscribers to pay for the installation charge on an installment plan?

Mr. Fritz: I object to the form of the question, I have no objection to him stating what they do.

Mr. Story:

Q. Go ahead.
A. Shall I answer it?
Q. Yes.
A. We don't put them in on the installment plan.
Q. Why doesn't your company do that?
A. We can't afford it. We don't have the financial backing.
Q. Did you state in your direct testimony that you had a very few that you would allow to pay for it over a period of time?
A. Yes. I think we have never taken—none has ever exceed three months.

Mr. Fritz: How many? You said "very few" in your answer.

Mr. Story:

Q. How many such instances have you had?
A. I would say since I have been with the company, possibly five where they paid a third down and the next two months, following two months, they make two more payments, equal payments.

[fol. 3537] Page 65

Q. Is it your testimony that this time has never extended over three months?
A. Yes.

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Q. Mr. Davis, do you recall bidding for the protection service for the California Spring Company?
A. Yes.
Q. About when was that, sir?
A. I believe it was about 1957.
Q. Did you handle the bidding for your company in this case?
A. Yes.
Q. What type of service were you bidding on?
A. On complete sprinkler supervisory service.
Q. Was this a large protection system or a small protection system that you were bidding on?

A. Fairly large. I believe they had—I believe there were four sprinkler systems in the building.

Q. Did anyone bid against you on this project?

A. A.D.T.

Q. After you submitted your bid did you contact the company?

A. Yes.

Q. Would you tell us what happened, please?

A. We contacted the company, and they told me that they were going to award the contract. They told me to make out my contracts

[fol. 3538] Page 69

and bring them over.

Q. Did you do that, sir?

A. I did. I made out the contracts and brought them over there.

Q. What happened when you got there?

A. When I got there they told me that A.D.T. had offered to let them pay for the installation over the period of the contract, and if I would do that they would let me have the contract, and I couldn't do it.

Q. You told them that you couldn't do it?

A. I couldn't afford to finance them.

Q. Who got the contract?

A. A.D.T.

Q. Now, what was the period of the contract, sir?

A. I believe it was a five-year contract. I am not too sure.

Q. And A.D.T. allowed them to pay the installation charge over the period of the contract?

Mr. Fritz: I object to the form of the question.

The Witness: Yes, sir.

Mr. Fritz: May I have the address of that company, please, California Springs?

The Witness: They are on West Slauson.

Mr. Fritz: Is it Los Angeles?

The Witness: Yes, sir, East Slauson. It is about 7000 block East Slauson.

[fol. 3539] Page 71

Q. Mr. Davis, has your company had any general price increases since you have been with the company?

A. On installations, no. We have had to lower our installation costs. On monthly service they have remained about the same. When a contract expires we examine the contract and the service, and if it warrants a little increase we allow it; if not, we don't.

Q. What types of things would warrant an increase, in your opinion, sir?

A. The cost of operation. We may have found that we had taken an account a little too cheaply and it cost us more than we anticipated.

Q. Now, in what percentage of instances have you made increases such as that on your existing subscribers?

A. Oh, I'd say about 50 percent.

Q. About how much of an increase, if you can give it to us in percentage.

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A. Oh, on a five-year contract normally it is not over 15 percent.

Q. Now, on your installation charge you said there had been no increase in that?

A. No.

Q. Has there been a decrease?

A. Yes.

Q. During what period of time, sir?

A. Well, ever since I have been there we have found that the costs have been going down on installations, gradually. If we expect to get any business we can't make any money on installations; we have to take a loss on it.

[fol. 3540] Q. You are having to take your installation charges at a loss at the present time?

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Q. Mr. Davis, have you ever had any of your central station protection accounts change from a central station protection service system to a local alarm system?

A. I don't recall any.

Q. And that is during the period of time that you have been with the company?

A. Yes.

Q. Has your company obtained any central station protection accounts where previously the subscriber had a local alarm system?

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A. Oh, yes, many.

Q. What do you mean by "many" sir? Could you give us any estimate?

A. Oh, I would say that maybe ten or fifteen in the years I have been with them. I say many. We don't have a lot of accounts that are small.

Q. Do you know the reason why these subscribers changed to central station protection service?

Mr. Fritz: I object to the form of the question.

Mr. Story:

Q. You may answer that.

A. Well, they will tell us they are not getting adequate protection with the local alarm, or their insurance company requires something more in protection.

Q. The insurance company required more protection, you say?

[fol. 3541] A. Yes.

Mr. Fritz: I object to the form of the question.

Mr. Story:

Q. Have any insurance people talked to you about these matters?

A. Yes.

Q. What have they told you, sir?

Mr. Fritz: I object to that.

Mr. Story:

Q. Go ahead and answer it.

A. They tell us that they have had some robberies and they are going to discontinue their insurance if they don't

have a better type of protection, and want us to figure with them on it.

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Q. Mr. Davis, has your company lost any business here in the Los Angeles area, central station business, that is, because of the fact that the protection contracts for local businesses were handled in some other city in the United States?

A. Yes.

Mr. Fritz:

Mr. Story:

Q. Would you tell us what happened in that regard?

A. Occasionally we figure on a—some type of protection and it will be handled back in the Eastern office, some other area where the home office is.

Q. Can you recall any prospective subscribers where you were not——

A. Well, there is Signode Steel Strapping Company, is [fol. 3542] one of them. That was signed up back in the Eastern office.

Mr. Fritz: That is the one you told us about before?

The Witness: Yes.

Mr. Story:

Q. Were you allowed to bid on this account, sir?

Mr. Fritz: I object to the form of the question.

Mr. Story:

Q. You may answer it.

A. I was allowed to bid on it, yes.

Q. What were you told after you submitted your bid?

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A. They had to take it up with the Eastern office, and it was signed back in their Eastern office.

Q. And you lost the account?

A. Yes.

Q. Have you attempted to bid on any other chain busi-

ness accounts out here where you ran into that same situation?

Mr. Fritz: I object to the form of the question on the ground that it seems to imply that the Signode Steel Strapping is a national account.

Mr. Story:

Q. You may answer the question.
A. Parks, Davis.
Q. What happened with Parks, Davis?
[fol. 3543] A. They told us that was handled, I believe, in Detroit.
Q. Did you bid on that account?
A. Never got to bid on it.
Q. They didn't accept a bid from you?
A. Didn't accept a bid, no.
Q. Can you think of any others?
A. Sears.
Q. What were you told about Sears?
A. Sears called us in several times for some ideas on protection and to make some changes to try to cut their rates, and then they got word from the Chicago office that they have a contract with A.D.T.

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Q. Did you actually submit any bids to Sears?
A. No, never got that far.
Q. Can you think of any other incidents?
A. Another one I am just thinking of is—I can't remember the names.

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Redirect examination.

By Mr. Fritz:

Q. Are there a large number of organizations rendering telephone answering service in Los Angeles, Mr. Davis?
A. Yes. Most all the local alarm—burglar alarm companies have them.
Q. Approximately how many such installations; I mean

how many organizations are rendering this kind of service?

[fol. 3544] A. I understand there are 50 local alarm companies in the City of Los Angeles.

Q. Employing telephone answering protective service?

A. I think they all do.

Q. Is there also a substantial amount of unapproved protective service of different kinds furnished to subscribers here in Los Angeles?

A. Yes.

Q. What kind of an estimate could you give me of that?

A. Well, our company, about 90 percent of our burglar alarms are unapproved.

Q. Generally in the area would you say that there are thousands of subscribers receiving unapproved service?

A. Yes.

Q. Many thousands?

A. Actually I am not in a position to state. I don't know.

Q. Give me your best estimate.

A. Oh, I would say there are four or five thousand, maybe, local alarms.

• • • • • • •

Q. Well, then, you meant to say that your installation [fol. 3545] charges have been going down?

A. Charges are going down.

Q. Your labor and material costs have been going up, haven't they?

A. Have been going up.

Q. So that you have not been reflecting in your installation charges the increase in your installation and labor costs, isn't that right?

A. Yes, that is right.

Q. Do you have any actual knowledge as to whether a given subscriber or subscribers actually receive discounts from their premiums in any case?

A. Yes.

Q. Well, as an ordinary rule do you know that they do, that they do in a particular case, or do you simply know that you think they ought to get it?

A. Well, they do. On burglar alarms, approved systems, we furnish a certificate.

Q. A certificate?

A. A certificate. And on the certificate and in the burglar alarm insurance manual it definitely states their credits they are allowed.

Q. Do you know what they get, though, in fact?

A. Depending on—yes. They can get anywhere from ten up to seventy

Page 94

percent, depending upon the type of installation.

Q. That is what the plan is?

[fol. 3546] A. Yes.

* * * * * * *

Q. Would it refresh your recollection any if I suggested to you that in 1958, in bidding against A.D.T., you procured the contract of the Los Angeles Cold Storage Plant?

A. Yes.

Q. That is the fact?

A. Yes.

Q. Is the same true with respect to Fort MacArthur at Huntington Park?

A. Yes.

Q. Is the same true with respect to National Seal Division of Federal——

A. Mogul?

Q. —Mogul, Huntington Park?

A. Yes.

Q. Is the same true with respect to Maurice Ball Furs, in 1959?

A. Yes.

Q. Is the same true with respect to Jack Kay & Sons?

A. Yes.

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Q. Is it likewise true with respect to Phelan Plastics Corporation in Huntington Park?

[fol. 3547] A. Yes.

Q. Is it also true with respect to Desmond's, Incorporated, in 1959?

A. Yes.

Q. Is it also true of Multitec Company? This was 1954. Would you know about that?

A. Multitec? No, I don't think we have them now. I don't know them.

Q. That was before your time, so to speak?

A. Yes.

Q. How about Morgan Laundry Service, 1954?

A. Yes.

Q. Yes?

A. We still have them, so I know that, yes.

Q. How about May Company?

A. Yes.

Q. Is that a company which is a chain store operation?

A. Yes.

Q. Do you have more than one installation in the May Company?

A. Yes.

Q. And you got that in competition with A.D.T.?

A. Yes.

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Q. Do you have more than one May Company installation?

A. Yes.

Q. How many?

A. We have their Valley store, we have the Crenshaw [fol. 3548] store, we have the downtown store, and we have their service building.

Q. Did you also in connection——

Mr. Story: Excuse, me, Mr. Fritz. Could you identify the document from which you are referring?

Mr. Fritz: No, I cannot. These are my notes.

Q. Is it likewise true with respect to Burndy Engineering, B-u-r-n-d-y, Huntington Park, May, 1955?

A. Yes, we had them.

Q. Is it also true of ABC Market in Huntington Park, 1955?

A. We have ABC Markets. They have two markets that we have. You are calling all these Huntington Park; they are not in Huntington Park.

Q. Wherever they are, the fact——

A. I think you are referring to the A.D.T. Huntington Park station.

Q. That could be. But the fact is as I have indicated it, right?

A. Yes. We have those markets, but none of them are in Huntington Park.

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Q. Wherever I have said Huntington Park I have been wrong?

A. Yes.

Q. But the fact otherwise is as you have indicated it, correct?

A. Correct. That is true.

Q. How about the Procter & Gamble Manufacturing Company in 1955?

A. Yes.

Q. How about United Piece Dye?

[fol. 3549] A. Yes.

Q. California Strip Steel?

A. Yes.

Mr. Story: Could you give us some dates on that, please.

Mr. Fritz:

Q. 1956?

A. Yes.

Q. Clemco Arrow, C-l-e-m-c-o A-r-r-o-w?

A. Yes.

Q. In 1956?

A. Yes. That was before the price war.

Q. Hi-Shear Rivet Tool Company?

A. That is one of our accounts, yes.

Q. 1956?

A. Yes.

Q. And a great many others, aren't there?

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A. Oh, sure, we have got a lot of accounts. The only way we can get them was get them away from somebody.

Mr. Fritz: That is all.

[fol. 3550] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 326

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

vs.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; and AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

Deposition of

JAMES W. FLOTRON, Potter Electric Signal Co., 1121 Pine Street, St. Louis, Missouri.

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By Mr. Story:

Q. Mr. Flotron, will you state your full name?
A. James W. Flotron, Jr.
Q. What is your home address?
A. 11128 Larimor Road, St. Louis 38, Missouri.
Q. What is your occupation, sir?
A. President and General Manager of the Potter Electric Signal Company in St. Louis.
Q. How long have you held that position, sir?
A. Approximately five years, four to five years.
Q. What business is the Potter Electric Signal Company

[fol. 3551] Page 6

engaged in?

* * * * * * *

Q. Now sir, going back to my question, what business is the Potter Electric Signal Company engaged in?

[fol. 3552] Page 7

A. We are in the central station business selling underwriters approved central station service for fire, burglary alarm supervision and we do some manufacturing.

Q. How long has the Potter Electric Signal Company or its predecessor company been in business?

A. To the best of my knowledge, since 1898.

Q. What is the business address of Potter Electric Signal Company?

A. 1211 Pine Street, St. Louis, Missouri.

Q. How long have you been employed by the Potter Electric Signal Company or its predecessor companies?

A. I came there in the latter part of 1936, I think it was September.

Q. Sir, could you tell us the names of the other officers of your company?

A. The president you have; vice-president, Mr. Robert Black; Mr. Selden Blumenfeld, Secretary; Mr. Robert Cameron, Treasurer and Gilbert Otto.

Q. Mr. Flotron, who was the founder of the Potter Signal Company?

A. Mr. C. E. Potter.

Q. How long did Mr. Potter remain with the company?

A. To the best of my recollection, he died in the early part of '48, or sometime in '48.

* * * * * * *

[fol. 3553] Q. When you came with the company in 1936, what was the nature of the business at that time?

A. It was an underwriters approved station then, furnishing fire alarm supervisory and sprinkler systems and burglary alarm service and some industrial supervision.

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Q. When you came in 1936, was the Potter Company approved by any other insurance organization to conduct [fol. 3554] approved central station protective service?

A. To the best of my knowledge, then all they had was Underwriters Laboratory of Chicago for Burglary Alarm and the Missouri Inspection Bureau of fire. There was no other inspection bureau for the stock companies or

any companies other than the Missouri Inspection Bureau.

Q. Since that time, has your company received the approval of any other insurance organization?

A. Yes, we now operate with the approval of the Factory Mutuals.

Q. When did you get that approval, sir?

A. I think that was, to the best of my recollection, in '49.

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Q. Now sir, you mentioned that your company manufactured certain protective devices. Do any of those devices which your company manufactures have the approval of the various insurance organizations?

A. Everything that we make for our central station service today, we submitted to both the laboratories, the underwriters laboratory in Chicago for both burglary and fire and the Factory Mutuals. They are up east, I think, right out of Boston. I think it is Norwood, Massachusetts.

Q. Now sir, in your manufacturing operation, do you conduct your manufacturing for your own central business [fol. 3555] or do you have devices for sale to the trade?

A. We sell some of our devices, make them both for ourselves and for sale.

Q. Are those devices generally available to anyone in the trade who desires to purchase them?

A. Yes, sir.

* * * * * * *

Q. Now sir, could you tell us the number of central station burglary alarm accounts your company has which [fol. 3556] have been issued underwriters laboratory certificates?

A. That is also listed on your marked exhibit #1. There is a total of 207 underwriter certificates and those are in 160 different locations or 135 different firms.

Q. Sir, could you tell us the percentage or the number of your central station fire alarm subscribers and in that, I include both your automatic fire and sprinkler supervisory or watchmen supervised service which have been

approved by the various insurance organizations having jurisdiction?

A. Well, we put all of those installations in accordance with the jurisdiction or the body having jurisdiction so they

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are subject to approval. I couldn't tell you whether or not the customer has in every case exercised, or asked his broker for deductions of fire alarm, water flow and supervisory or an automatic fire alarm put in. It entitles the customer to whatever credit allowed for that type of system.

Q. Do any of these insurance organizations inspect these installations, to your knowledge?

A. Oh, yes, sir.

Q. Do they inspect all of them?

A. To my knowledge, they inspect all of them. They are inspecting continually. If it is a stock company, for example, and going through the Missouri Inspection Bu- [fol. 3557] reau, in a matter of two or three months they will come in and look at the system. The other companies come in on their regular inspection whether it is quarterly, semiannually, whatever it is, the insurance company policy. We are constantly going out to meet one of their inspectors in the field and go over the system with them.

Q. What happens if these systems don't meet with their approval?

A. If there is something they don't like, they will ask us to change it and we will do it. We try to keep up with the rules and put them in so there are no changes necessary.

Q. Mr. Flotron, does the fire department for the City of St. Louis allow any fire alarms to be connected to the municipal fire alarm system?

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Mr. Conkling: If you know, Mr. Flotron.

A. They don't unless it would be a street box. They might tie in some hazardous location. If you are talking

about a central station to be tied in with the municipal system, the answer is no.

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[fol. 3558] Q. Does the police department today allow any commercial accounts tied to the police department board?

A. Well, early in 1960, they put one in and I went over

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and asked them what their policy was and I went directly to the police board. And I said, "If you are going to permit them this, I have got some I would like to hook in there," and they said, "No, it is not our policy. This is an exceptional case and it is not our policy to connect commercial accounts in the City of St. Louis."

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Q. Mr. Flotron, are you familiar with the term, proprietary alarm systems?

[fol. 3559] A. Yes, sir.

Q. What is that, sir?

A. Proprietary has a little different understanding. In several cases, the way we understand it, it is a complete system within the customer's premises over which his guards or maintenance people or personnel would answer the alarm and one in which they maintain own service, or they might contract with us for service. It is a system we might sell outright or a system we could rent to them. It carries a classification under the laboratories as a proprietary system.

Q. You have told us generally. How does the system work, sir?

A. Well, without going into too much detail, you might

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consider it as a minature central station in which all the devices around the plant—it could be a combination of fire and burglary and could run into a central panel and similar to the type we use in our central station. That equipment carries a specific rating under the rules of the

National Fire Protection Association for proprietary systems so that proprietary systems put in would follow the accepted rules and regulations of the National Fire Protection Association.

Q. Has your company installed any of these systems that you are now servicing?

A. Yes, sir.

[fol. 3560] Q. How many?

A. I think we only have about two.

Q. What are those accounts?

A. McDonnell Aircraft and the Mallinckrodt Chemical Co., Weldon Springs Uranium Division.

Q. Is your company at the present time servicing those proprietary systems?

A. Yes, sir.

Q. That is all the proprietary systems your company has?

A. That is all we have today.

Q. Going back for a moment to your direct connected service, does your company have any direct connected fire or burglary alarm system?

A. Yes, sir, we have three or four of them.

* * * * * * *

[fol. 3561] Q. Would you tell us, sir, what factor or items that you and your company consider when you are trying to arrive at an installation charge for one of your central station protection accounts?

A. Well, number 1, you must look at the customer's operations and then be sure you get all the units necessary to satisfy the underwriter.

Q. Of what, sir?

A. The units of protection, number of openings so the factors involved in arriving at it would be: the nature of his business, the number of openings, the manner and method in

which they might handle the system resulting in a greater [fol. 3562] amount of services. If, for example, they were in a factory or warehouse in which the doors might

be subject to mechanical breakage by their equipment, we might have extra devices to protect the units of protection. Each case would be entirely different. Even the condition of the building would have a bearing on it. You might have a lot of windows that were cracked that he would have to repair and if he didn't, we might have to put a substitute type of protection that might cost a little more than the ordinary. Then, of course, the last factor that we have to consider is whether or not we have got competition. If we have competition, we have got to take a different look at it.

Q. Generally, taking all these factors that you obtain from your survey, could you tell us briefly, based on that, what are the major factors which you figure from a cost standpoint on these systems?

A. In the case of central stations, the first factor in every case would be the cost of line for the telephone services and then the general estimate of cost of overhead that you might have going through the central office together with the cost of the particular installation and the estimate of the approximate amount of service that you might have on that particular account. And of course, the last situation is whether or not you can get the job at all from a competitive standpoint.

[fol. 3563] Q. Mr. Flotron, could you tell us the major protection devices that are used at the central station protection operation?

A. Well, you are talking about fire or burglary?

Q. Burglary first?

A. In the case of burglary, we have two types of services. We have what we call direct central station service in which we buy a pair of wires from the telephone company. If there is need for only one circuit, in the premises we use—we use only one side of the Bell line that comes back into a panel in our office so that the customer is on an individual line and individual meter. And we have a set of lights to indicate the irregular and regular openings and closings that you would have in the premises so that you would have a control box in the customer's premises and then you would have a series of different kinds of doors and window protection such as screens and foil, special contacts. You might have to

make or build on to a door. Then, you would go into the next step on burglary alarms which would be space detection in which you might cover the interior with electric eyes or a form of ultrasonic or radar. Ultrasonic picks up movement in the premises or of someone that might enter through a wall or roof through an unprotected area.

Q. Now, sir, could you tell us what are the major [fol. 3564] devices, what major devices—have you finished all the major devices in the burglar alarm?

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A. That is about it. You make some up. I think I have covered them generally for you.

Q. What are the major devices you use in your central station fire alarm system?

A. Fire alarm, I would consider in two classifications. First, for the sprinkler system. On sprinkler systems, we would have the transmitter that goes on the sprinkler risers so as to send a coded alarm back to the central office and then the transmitter or switches which we would have on the other points of the system to give a complete supervisory rating. Those would be, for instance, switches on meter on a gate valve in the case where you would have pressure tanks, you would have to supervise the pressure. If you had gravity tanks, you would supervise the level of the water. In case of fire pumps, you would supervise the power to the pump, whether or not it was running. Then in the automatic fire alarm, you would have the actual detector system you would put in the premises. There are several approved by the rating bureaus today; what transmitter, and if it was a multiple story building, maybe an enunciator so the fire department would know when they got there which floor the [fol. 3565] actuation came from and that would code it back to the central office. That would be it, the major and the general.

Q. What are the various types of automatic fire alarm systems that you mentioned?

A. There is "A", the rate of rise principle. This again

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is speaking generally. There are three general types. I would say today that is the rate of rise you would get from a spot locater or a continuous line of tubing. The fixed thermostat which is on a fixed temperature, 136 degrees, today is generally used. There is a new one in the field that senses combustible gases or fumes in the area.

Q. Sir, does your company manufacture all the devices you use in connection with your central station operation?

A. No, sir.

Q. Would you tell us the name and location of the companies from whom you buy protective devices?

A. Well, there is literally hundreds of them that tie into the system. I can think of some of the main ones such as Walter Kidde.

Q. Where are they located, sir?

A. I think it is in Jersey. They have several plants.

Q. That is New Jersey?

A. They have some fire alarm and some burglary alarm [fol. 3566] equipment. We also buy from Radar.

Q. Where are they located, sir?

A. I think it is in Massachusetts, an ultrasonic burglary alarm and fire alarm system comes from Walter Kidde. There are literally hundreds of them, we would buy special switches and so forth from them.

Q. Would you tell us the names of the companies you do

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most of your purchasing from?

A. Radar, Walter Kidde, Ademco and Frush.

Q. Where is Mr. Frush located?

A. He is in Chicago.

Q. And Ademco?

A. Brooklyn.

Q. New York?

A. Yes, sir.

Q. Mr. Flotron, what is your company's policy as to the term of your contracts for central station protection service?

A. At the present time?

Q. Yes, sir?

A. Five years. We have a contract with five years in it and we will ask the customer for it. But if he has any valid reason for any lesser time, we don't hesitate to give it to him. If he had a lease for only a year then we [fol. 3567] would give it to him. Also we have adopted another form that once in a while a customer will be a little leary about the fact that he might lose his lease and have to move. We permit him to cancel the contract upon thirty days notice.

* * * * * * *

[fol. 3568] Q. Mr. Flotron, when did you come with the Potter Electric Signal Company or its predecessor company?

A. I told you about September of 1936.

Q. Did your company at that time have contracts for its central station protection services?

A. At that time, we had a little different form of a contract and we had some customers we did business with without a contract.

Q. How long did that continue, sir, when you had some customers that were not under contract?

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A. We started immediately, when I came there, in attempting to get the contracts on a five year basis with all of our customers.

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Q. Do you have employed with your company engineers that are capable of designing certain types of devices?

A. Yes, sir.

Q. Mr. Flotron, do you know the amount of the insurance credits that are given to subscribers who utilize certain approved types of central station protection devices and services?

A. There is a manual that is published by the casualty companies on a national basis to the brokers. I don't keep one in the office because our policy is to meet the [fols. 3569-3570] requirements of the board specifically for

the pamphlet that governs the operation of the central station services and devices we use. And then, I recommend the customer talking to his broker directly. For example, if we furnish a grade "A" #3 Manual Premises Alarm, he should go to his broker who has the national manual to get an exact reduction because I found that many times those might change due to the contents. It is the condition of the building, the size of the rising total dollar volume and so forth. I know there is a manual that exists.

Q. What is the name of that manual, sir?

A. I don't remember exactly what the name is.

Q. Who issues it?

A. The National Board of Casualty Underwriters. I have never made a practice of keeping one. We work with the casualty companies and invite those people to our association

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to try to tell them what is new in the field and ask for suggestions of what they want, what we can better do to take care of our common interest which is protection of property in the general run of commercial accounts.

(Whereupon a discussion was held off the record.)

A. This is issued by the National Bureau of Casualty Underwriters.

Q. What is the name of the publication?

A. Manual of Burglary Insurance, 1948 edition, this one is.

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[fol. 3571] Q. Sir, do the subscribers to your central station fire alarm services receive any credit in connection with their in-

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surance premiums?

A. Yes, sir.

Q. Who sets those premium credits, if you know? Who determines the premium credits?

A. The credits are set by the individual companies on the basis that they have through their manual. We have issued, as I told you, some 207 certificates for various classifications.

[fol. 3572] Q. I am talking about your fire business, now?

A. No, sir, credits would come under the rules of the National Fire Protection Association. I am a member of N.F.P.A. to help draft those rules. It is a very large committee and in our terminology, in the drafting of those rules, we find that we could run into a conflict sometimes with the individual boards having jurisdiction. So many times we say, what it should be or shouldn't be or refer it to the local boards of jurisdiction. In St. Louis area, it would be the Missouri Inspection Bureau.

Q. And do they publish these credits for the various types of fire protection service?

A. They do. I have never seen such a publishment of that type of credit. Again, I refer the particular risk to the Missouri Inspection Bureau or have his broker go to the Missouri Inspection Bureau.

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Q. Mr. Flotron, does your company retain the title to the alarm system which your company installs on the subscribers premises?

A. Yes, sir.

Q. How long has that been your custom, sir?

A. Since I have been there.

Q. That is since 1936?

A. Yes.

[fol. 3573] Q. What action does your company take when a subscriber terminates a protection contract?

A. Well, that can't be explained by simple words. It would depend upon what would be the cause of the determination.

Q. Would you explain it to us, sir?

A. For example, if a customer were in a premises and he were moving to a larger quarters, we might leave the system intact and start talking to the real estate agent or owner of the buildings as to who the new tenant would be because we already had the service in there. In the case

say, for example, a customer said, "I am leaving, I don't want the service any

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more," and without any explanation and it looked like the building wasn't going to be rented for some time and we couldn't make a successful contract with anybody, we would take out the main central station or the subscribers box at the front door or the circuit alarm a little more expensive transmitter. We would take that off and in the case of fire alarms, there has been very little cases when we have moved any supervisory equipment unless the building was in an area that was going to be torn down. We find, invariably, whoever the leasee or owner is will be interested in the service. It is very reasonable in comparison to what he could get from the watchman.

Q. Does your company remove such things as wires and [fol. 3574] conduits and foil when you take that out?

A. No, sir, they take—it costs more money to take them than what are worth.

Q. Has your company had any general price increase in the last ten years?

A. No, sir.

Q. Have you had any price increases at all?

A. Yes, sir.

Q. What price increases have you had?

A. In the last ten years, I can sum it up for you as quickly as I can. The price increases have averaged about a $1.25 or a $1.50 per month per customer. That includes both

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burglary and fire.

Q. What do you base that on, sir?

A. It is based on the overall increase of cost of operations, the amount of service that might be required by a particular customer because of his operations and, of course, the last factor is if we raise the account too high, we will make them unhappy and he will call in competition and if he does, the competition will cut the price to such an extent that we will lose the account.

Q. Does your company, in making these increases, is it on an individual account basis or across the board?

A. Everyone is on an individual basis.

[fol. 3575] Q. Have you increased the prices to all your customers?

A. No, sir.

Q. How do you determine which customers you will increase your service charge to?

A. We try to stay to this $1.25 or a $1.50 from each one. If we go out there and he tells us he has a lower bid, secured a competitive price and secured a lower bid, we will be very happy to take the same price.

Q. Does that happen often?

A. We live with this daily.

Q. In that regard, sir, has your company labor and devices and materials increased during the last ten years?

A. Oh, yes, we operate a union company and in the past

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ten years I haven't seen a contract negotiated in which we haven't had an increase in basic rate and I think it is common knowledge that our—everything we touch is going up.

Q. Your company utilizes union labor, is that right?

A. Does your competitor, A.D.T., have a unionized operation, if you know?

A. Not to my knowledge, it is one of the things I have been complaining to the union about.

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Q. Back to my original question, could you give us an [fol. 3576] estimate as to the number of your central station subscribers which have discontinued your central station service and changed to other forms of protection?

A. There are very, very few in the last five years. There might have been four or five. That is in burglary, in fire, I don't remember any. I can remember those that changed and went to A.D.T. That would be more common than just cutting it out altogether.

Q. Now, on your local burglary alarms, have any of your local burglary alarm subscribers in the last five years changed to central station protective service?

A. Oh, yes, that would be by far the greater. As you notice, we don't have very many locals, but it would be much more common for the local man to go to a form of central station

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protection; that is as his business increases, his inventory increases and he is better able to afford a little more expensive system, but it gives you more service.

Q. Mr. Flotron, what is your company's policy concerning payment of your installation charges?

A. Well, in almost every case, we collect our payment upon completion of the installation.

Q. Do you allow, under any circumstances, subscribers to pay for their installation charge over a period of years [fol. 3577] or a period of time?

A. If he would be a real good credit risk. We have been propositioned by several companies to make the payment in two months or three months or six months. We have taken a very small number of those and competitively, I have instructed our salesmen, if A.D.T. has a free installation in which they charge no installation fee at all, to prorate our installation charges over the length of the term of the contract. But we don't have very many of those. Generally, we won't take them, we just back off, but we have taken a couple of those.

Q. Why is it your policy, whenever possible, to get your payment when the installation is completed?

A. Well, as far as we are concerned, we consider the larger portion as expendible, that which you use in way of labor today to make the installation, and because of our financial position, we need our money for operating. So, it is to our advantage to turn our money over as quickly as we can.

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We just don't have unlimited capital to be able to operate that way.

Q. Mr. Flotron, has your company established central station operations in any areas other than St. Louis?

A. What do you mean by establish? Do you mean the Ohio Corporation where we bought another corporation?

Q. Yes.

A. Yes. We bought a company that was operating in [fol. 3578] Cincinnati, Ohio.

Q. When did you purchase that company?

A. That is about four and a half years ago.

Q. That would be what, '57 or '58?

A. I think it was in May of '57.

Q. What was the name of the company?

A. Walnut Hills District Telegraph.

Q. Who owned that company at the time you purchased it?

A. A lady by the name of Mrs. Lawton. I met her by visiting through the association meetings and she said she was getting old and her business was getting to be quite a chore. We had sold her a little equipment and she said she liked me personally and she would like to sell it.

Q. What type of company was that?

A. It was not an approved company at the time. It was in very poor condition, equipmentwise and personnelwise.

Q. What type of protection service did it engage in at

the time you purchased it?

A. It sold burglar alarm and fire alarm service and had some watchmen at one primary account there.

Q. Do you hold any position in that corporation?

A. Yes, I am the president of that other corporation.

Q. How long have you been the president of the Ohio corporation?

[fols. 3579-3580] A. Since it was established.

Q. At the time your company purchased the Walnut Hills District Telegraph Company, could you tell us how many central station protection accounts that company had?

A. To the best of my recollection, it was about four hundred burglary alarms and maybe a dozen fire alarm accounts.

Q. Was this companies operations approved by any of the insurance organizations having jurisdiction?

* * * * * * *

[fol. 3581] By Mr. Story:

Q. You may answer, sir.

A. No, sir, not for central station operation.

Q. After you became president of this corporation, did you take any steps to have the operation of this company approved by any insurance organizations?

[fol. 3582] A. Yes, sir, we notified the Chicago laboratory of our intentions and put in some equipment that would meet the requirements and we ultimately got a central station approval for the fire and burglary.

Mr. Conkling: You mean the underwriter's laboratory in Chicago?

A. Yes, sir.

By Mr. Story:

Q. How soon after you held a position in this company did you undertake to obtain the approval from any underwriter's laboratory?

A. Well, I thought of it immediately, but it was a question again of obtaining an amount of capital and so forth. I had sent a manager to look it over. We had equipment problems, personnel, and I didn't have a carte blanche on money either. I had to operate it to the best of our ability. I would say it was probably about two years after we were in operation before I got the approval.

Q. Could you give us any estimate as to your employees, the number of employees you had with this company when you purchased the company and also the number of employees that you had with the company at the time you applied for approval?

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A. That would be a little hard for me because we had a factor there that I didn't pay too much attention to [fol. 3583] which was this one account where we had night watchman service and that could account for a fluctuating amount of employees which might give a distorted picture there. If you are thinking specifically of the number of employees that we used in the central office to handle the central office procedures, irrespective of the watchmen

services that we had, we had to add roughly a dozen more employees there to meet the requirements of the approved central station at the time.

Q. What approvals does that company have at the present time?

A. It is fully approved for the Mutuals and Stock companies and the Underwriter's Laboratories. Everything that it is possible to get today, it is approved, so we can sell competitively the underwriter's approved services and meet all the requirements of the necessary bureaus.

Q. Can you tell us about when you received Underwriter's Laboratory approval?

A. If that was '57, it would be two years later. It was '59 the latter part of '59.

Q. What about the Factory Mutuals approval?

A. It came up about the same time. I don't visit Cincinnati very often. I have a pretty good manager there and I have a lot

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of problems here, but generally, it was a couple of years later when we applied for all the necessary approvals to operate.

[fol. 3584] Q. That includes your state rating bureau in Ohio?

A. Yes, it became necessary to work with the local board having jurisdiction. I think they call it the Ohio Inspection Bureau.

Q. Why did you seek approval for this central station protection company?

A. You can't sell services today to first rate accounts without it. You go into people like Ralston, who moved up there, or General Electric or some of those accounts, you have got to have central station approval to meet the requirements of the customer's best interest and to be equal to your competition.

* * * * * * *

[fol. 3585] Q. What account was that, sir?

A. General Electric Company.

Q. What was the nature of that account?

A. They had an expansion program there in which they built a lot more buildings and they had an A.D.T. system in there of a proprietary nature which, to my best recollection, A.D.T. had a service contract with them. There was a competitive bid and we got the job which amounted to some $69,000.00 and that was the biggest thing we had seen up there in all the years we had it. We got it at a price, we got it at a price in which we could make a couple of dollars, but for that, we would have been right on the margin again of making a profit.

Q. Who is your company's competitors in the central station protection business in Cincinnati?

A. There are a couple of local alarm companies, there is A.D.T., of course, and one fellow that operates a type of central

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station office, a telephone answering station. It is not approved. He sells underwriter's approved locals, advertises in the telephone book as insurance underwriter's approved. All he has are locals.

[fol. 3586] Q. Does your company engage in local alarm system in Cincinnati?

A. Yes, sir.

Q. In these companies that you have just mentioned, which of those companies have approved central station protective service?

A. I didn't get the question, sir.

Q. How many approved central station protection companies are there operating in Cincinnati?

Mr. Conkling: If you know.

A. To my knowledge, A.D.T. and us.

By Mr. Story:

Q. How is the competitive situation in Cincinnati, if you know?

A. Mr. Phillips reports it is the same as what he experienced here.

Mr. Conkling: Would you fix the time? I understood you to say he was here in St. Louis for two or three years. Was that just prior to going up there?

A. Yes, sir, and he has been up there continuously since that time.

By Mr. Story:

Q. Mr. Flotron, what do you mean by the same

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as the competitive situation you have here in St. Louis, what do you mean by that?

Mr. Conkling: I object as this is repetitious. I think the [fol. 3587] man has testified on some of things about St. Louis.

By Mr. Story:

Q. You may answer, sir?

Mr. Conkling: I object to the form of the question as being repetitious.

A. If we go out and build up an account and the account calls in competition and he tells the customer what our figures are, the customer tells what our figures are to A.D.T., they will go lower. If we call on an existing A.D.T. account and we submit them a figure or if they call us, the A.D.T. company will lower its prices, just makes it real difficult because we have got to try to arrive at some business on which we can make something on and uppermost in our minds always is this dollar at which we can get it at.

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Q. Mr. Flotron, how far from your central station can you conduct say, an accredited central station burglary alarm service?

A. Today, the underwriters on a burglary alarm, for example have running time. Some of that, some people use a sub station when they get beyond the running time. I use a little bit different form of operation and I think I can go a little bit

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further by equipping a car with a complete set of keys and radio equipment. The underwriters make periodic [fol. 3588] tests of our organization in which they come in and examine our records and give us a report as to whether or not we are making the requirements of record. That distance would be determined by whether or not I might have a car in that area or the new highway system might enable me to get there a little quicker. It is changing periodically and I don't think you can do it in distance of miles. According to the underwriters basis, it is the required average elapsed time in going to these accounts.

Q. Can you tell us the fartherest distance from your central station where you have a certificated burglar alarm at the present time, as an estimate or your best estimate?

A. I go out into Clayton, for example.

Q. How far out is that?

A. Air miles or what?

Q. Yes, air miles?

A. I don't have anything in terms of miles. I think of those records as running time and keep getting myself more cars in the operation of the business so my average running time is down. I would say I am just as—I am hazarding a guess and it could be seven miles.

Q. How far out could you conduct your fire alarm service?

A. Fire alarm service, we are permitted a greater running

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time. We can go farther than that. We have just been [fols. 3589-3590] discussing that in the rules and there has been quite a floor fight on an hour or a half hour. It has been an hour and the consensus of the opinions are that we ought to be in there at a half hour. I think it will be accepted on the half hour basis.

Q. Based on what you say, is it necessary for you to have a customer consentration in a small area if you are to furnish effective central station protective service?

Mr. Conkling: I object to the form of the question.

By Mr. Story:

Q. You may answer, sir.

A. The approved central station, as we understand it today, meeting the requirements for an approved listed central station in my mind, should be in a metropolitan area. Let's say a half million and up and a fair amount of industrial and commercial.

* * * * * * *

[fol. 3591] Q. Mr. Flotron, do you consider that experience in the central station protective service as a factor at all as to whether or not a company can establish a profitable central station operation?

A. Very definitely.

Q. In what regard, sir, could you elaborate on that?

A. Well, I have had occasion, let's say in the last ten years, to offer advice and counsel to people who have purchased equipment from us, either starting in the business or working in the business. Most definitely, I have always advised them to hire men of a certain nature and send them to our organization if necessary, for a periodic refreshment counseling with

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our installation crews and our staff. I have advised them that it, regardless of how much money they have, it will take them at least five years to begin to break even and they ought to think in terms of this business, in going into it, to take about ten years before they really get on a profitable basis. That is based solely on my experience in it. It is kind of proven out that way. I returned from the last convention a couple of weeks ago in Miami with a young fellow from Phoenix, Arizona and he said, "You know Jim, I am beginning to understand what you [fol. 3592] were talking about now".

* * * * * * *

Q. Where you stated your opinion from time to time as to the alleged advantages or disadvantages of different

forms of services, is it your testimony here today that the [fols. 3593-3594] opinion on these matters is unanimous among the people in the industry?

A. Did I say that?

* * * * * * *

[fols. 3595-3597] By Mr. Conkling:

Q. Mr. Flotron, during the earlier part of your testimony this morning, the talk was mostly about

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what I understand now to be correctly named Potter Electric Signal Company which is Missouri Corporation, is that it?

A. That is right.

Q. And then, for awhile, there was some talk and questions by Mr. Story concerning the Potter Electric Signal, the same name, but the Ohio Corporation?

A. That is right.

Q. Just so we understand each other, now I am going to be talking today about the Missouri Corporation only. I don't expect to get to the Ohio corporation until tomorrow.

* * * * * * *

[fol. 3598] Q. How often has it happened that you call in men in charge of your operating room, have had to call in additional personnel?

A. I wouldn't know offhand. It would be determined by the weather conditions here. Just recently, we have been having a series of sonic booms which, in this area, might trip a large number of alarms and if they restored themselves immediately, we might attribute that to the sonic boom. Any that went down and stayed down, we would call an extra man to go out and visit the premises.

Q. What is the longest time, in your estimation, for your personnel to reach all of the so called trouble spots when such an emergency arose?

A. I wouldn't know.

Q. Before they found out what it was and when they got the signal?

A. In case of a sonic boom, you might have a lot of them

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go down instantly and restore themselves.

Q. Do you know as a matter of absolute fact that signal was actuated by the sonic boom rather than by an intruder trying to gain entry?

A. No, sir, I would not know by absolute fact.

Q. Now, the local alarm bells, gongs, that were talked about, how long do those bells ring in the local alarm systems that your company furnishes for those who want it?

[fol. 3599] A. Until the battery expires or has used up all the life of the battery.

* * * * * * *

Q. Mr. Flotron, when I speak to you, I am speaking to you as a company. Has there been a number of times that one of your local alarm gongs has rung and gone unanswered or unattended to?

A. We don't know.

Q. Have you ever heard later that a break in had occurred and some damage had been done?

[fol. 3600] A. Yes, sir.

Q. In how many instances has that occurred compared to the total number that you have?

A. I don't recall. I don't keep any record of that.

Q. If I were to suggest to you that the ratio of protection against loss in the local alarm field is about ninety-nine per cent or more, would you disagree?

A. The ratio of loss is greater in the locals, are you saying?

Q. To the premises that are protected by local alarm systems?

A. According to the underwriter's reports, the ratio of protection given by the local alarms is good.

Q. How good?

A. I don't know.

Q. Don't you have any opinion on that as far as your local alarm system is concerned?

A. No, it would depend on whether you had an actual attempt against it. If you had a local alarm out for five years and never had an attempt, he might think it was good and we would never know.

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Q. Have you ever known of a central station system apprehending a thief?

A. Yes, sir.

Q. You have?

A. Yes, sir.

Q. Tell me when that was?

[fol. 3601] A. What it does is notify us and notify the police and generally, the police catch them.

Q. When did that last happen, when did the police in St. Louis last apprehend one who attempted an entry into any premises protected by any central station of yours?

A. Last week.

Q. When before that?

A. The week before.

Q. Would you say that is about once a week for as long as you have been in business?

A. I won't put it on the weekly basis.

Q. Tell me when before?

A. I don't recall.

Q. It wasn't three weeks ago?

A. I don't know, sir. We file a report with the underwriter's laboratories and we could go back and determine the extent of arrests and the operation of the certified alarms.

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We fill a report out then. Now, as to the attempt, we fill out a report as to the attempt that we have on them and the captures.

Q. Is that after each attempted entry or is it a periodic report that you make?

A. The National Burglary Alarm and Fire Association, [fol. 3602] it is on a monthly basis. With the underwriter's, I think it is on a quarterly basis.

Q. Does that apply to the various forms of protection?

A. It applies to both certified and uncertified.

Q. That report is furnished to the National Board where?

A. National Burglary and Fire Alarm Association.

Q. Where are they located?

A. They have a Secretary in New York, a paid secretary and they have a publication called, "The Signal" in which they publish any information.

Q. For how many years have you been filing such a report with that organization, approximately?

A. Four of five years, to the best of my recollection.

Q. Were the reports not required before that time or is there some other explanation?

A. They were talked about as something to do, but they didn't get the cooperation of everybody. I don't think they are getting more and more each year.

Q. Did you say that you report also to the underwriter's laboratories?

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A. Yes, sir.

Q. Is that in Chicago?

A. We are required to report to them.

[fol. 3603] Q. How frequently is that?

A. I think we make a summation about quarterly.

Q. Have you done that since you obtained approval?

A. Ever since I have been there.

Q. Now, before coming with the Potter Company, about 1936 Mr. Flotron, what was your business experience?

A. Well, getting out of high school, I went to work for a fellow in a service station. I attempted to go to work for General Motors and was told I was industrially blind, they couldn't use me. So, I then went looking for a sales job and I went to work for a sales organization here in St. Louis. I worked for them about six months here and they sent me to Chicago for about a year.

Q. Who was that?

A. Gorley Music Company was their name at that time and then I came back to St. Louis and I went to work in the St. Louis Academy of Allied Arts teaching dancing and then went to work for the Potter Company.

Q. As a salesman?

A. As a salesman.

Q. And remained as a salesman only for approximately how long?

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A. As I told you, I am still a salesman.

[fol. 3604] Q. As I recollect, that was before you acquired other duties or titles or responsibilities?

A. I don't really recall. As you go through some twenty-five or twenty-four years of experience, it has been primarily in sales.

Q. You ultimately became what, a general sales manager?

A. That is right.

Q. Do you recollect approximately when that was?

A. Well, having a small sales organization such as he did, it didnt take me too long to get to the top of that.

Q. How many did he have then?

A. He had two men when I came.

Q. Are the two other men still with you?

A. They are both dead.

Q. There were three?

A. There were two there and I was there.

Q. Those two are now dead?

A. To the best of my recollection.

Q. Then, you became an officer of the Missouri company at some point, did you not?

A. Yes, sir.

Q. As a Vice-President, is it?

A. Yes, sir.

Q. Do you remember when that was?

[fol. 3605] Page 124

A. No, I don't.

Q. Had you held any officer position prior to becoming Vice President or Secretary or Treasurer?

A. Not to my recollection.

Q. When did you become President?

A. To the best of my recollection, it was four or five years ago which I think I stated before. I personally haven't looked at my duty sheets very much through the years.

Q. Now, sir, you obtained, or your company obtained

approval from, among others, the Factory Mutual organization?

A. Yes, sir.

Q. And that was what year?

A. We submitted our devices to them in '48, I think, and then had our central office approved in '49.

Q. Do you know whether the Factory Mutual organization has an opinion that you have heard expressed to you in their literature or in their policy or elsewhere as to the advantages or disadvantages of watchmen as a protective service?

A. No, sir.

Q. Do you know whether the Factory Mutual organization insists upon watchmen up to a minimum risk of some amount?

A. Yes, sir, I am familiar with the fact that they insist on watchmen in some locations.

[fol. 3606] Q. What factors are you familiar with in that area?

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A. Just generally that there are some high risks, there could be very very high risks that need watchmen in there.

Q. How high?

A. I don't know.

Q. Whatever it is, it is?

A. I don't know.

Q. This is probably a very silly question, are there any cotton compresses in the area which your company serves?

A. Not to my knowledge.

Q. At any rate, you don't service any?

A. I could service a customer who could do some cotton compress work, I wouldn't know about it.

Q. Is it your opinion that you could service a customer who does cotton compress work?

A. Not knowing what they are, I couldn't tell you until I looked at it.

Q. Mr. Flotron, I believed you testified earlier that everything that your company manufactures by way of protective devices or equipment used in the services which

you render are submitted to the underwriter's laboratories and the Factory Mutual for approval?

A. Most of it.

[fol. 3607] Q. Is there some policy or category of anything that is not submitted for approval?

A. We might make a field test of a device and decide we didn't

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want to submit it and discontinued it.

Q. Those things you manufacture and decide you want to use in your business, you do submit to those organizations for approval?

A. Yes, sir.

Q. You have done that ever since you have obtained approval, is that right?

A. I have done it particularly since I have had anything to do with the management of the company.

Q. Which is certainly the last ten years?

A. I wasn't the President in the last ten years, but I was—my opinions were considered from the standpoint of what we needed in the field and I recommended that. For example, we applied for Mutual approval and Mutual listing of our devices and it was done.

Q. And of all the things which you have submitted over the period of time you have in mind for approval, have they been approved?

A. We have had some of which there had been suggestions as to changes in modifications and we changed them and they have approved them.

[fol. 3608] Q. Ultimately they approved it?

A. Unless we had a field test on some device. I wouldn't say everything went through. We might have decided to discontinue it.

* * * * * * *

[fol. 3609] Q. What are the gross revenues that you have obtained over the same period indicated in there?

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A. In the last five years?

Q. Yes, the same period indicated in government exhibit

#1 for identification, from your manufacturing operations?

A. Five years ago, there were about $280,000.00 per year and they have gone up in varying amounts to approximately $659,000.00 in 1961.

Q. Is there any particular area of the country in which you make sales of those devices of equipment?

A. I wouldn't say it was any particular area. Our biggest customer would be an underwriter's approved station and I don't keep up with the dollar volume of business from each customer to see which was the greater. I think, from my recollection, our underwriter's approved central station accounts would be our largest buyer.

Q. But you do sell to others than central stations?

A. Yes, we sell sprinkler companies and we might have, [fol. 3610] even sell to a plant, Ford Motor Company might call us.

Q. And the various electrical contractors?

A. Yes.

Q. If you think they will pay for it, you sell it?

A. There is a group of contractors calling us for a magnetic switch for some kind of system they are making for the University here.

Q. How long have you been making magnetic switches? Incidentally, is a door switch?

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A. It could be on a door.

Q. Is this what you have in mind?

A. Yes, one side is a magnet and the other side is a switch.

Q. How long have you been making them?

A. To my best recollection is about six years.

Q. Do you know when they first became available on the market?

A. No. We purchased some from Ademco Company prior to that and we went into the manufacture of one, again to get one which was a little stronger, heavier duty and a little stronger, one to fit our particular purposes and made a little die for the plastic molding that was in it and submitted it in our catalogue and to the laboratories.

Q. The magnetic door switches which you have had need

for or use for, have been available to you on the market?
[fol. 3611] A. No, sir.

Q. When were they not?

A. I don't recall exactly.

Q. You don't recall when the Ademco Company might have made them available?

A. No, I don't recall when they made their first one that they offered to the trade.

Q. If I suggest about twelve years ago, would that ring a bell in your mind?

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A. I would be guessing, I don't recall.

Q. When was it you made magnetic door switches and couldn't find them on the market?

A. I don't recall. We might have been able to put in some other form of switch. I just don't recall when the date was that we realized their importance and began to look for them.

Q. Are they important in your opinion?

A. I think they are important.

Q. Are they an advancement?

A. You could term them an advancement in the art. It is another way of accomplishing something so it could be considered an advancement in the art.

* * * * * * *

[fol. 3612] By Mr. Conkling:

Q. Now Mr. Flotron, bearing in mind the gross revenue figures from your manufacturing business that you mentioned a moment ago which ran, as I understand it, [fol. 3613] from about $284,000.00 or somewhere around there in 1955 to about $659,000.00 in 1961?

A. That is right.

Q. Has that, incidentally, been a rather general increase, about the same increase each year?

A. It hasn't been the same increase, it has gone up each year.

Q. Approximately the same rate?

A. No, sir, it has been a little different.

Q. Can you tell me, bearing in mind the cities on de-

fendant's exhibit "D" for identification, approximately how much revenue from manufacturing you derive from the various cities against which you placed the check marks?

A. No, sir, I couldn't.

Q. Is that impossible, could you do it by reference to your books? I don't mean this instant, but could you do it?

A. I don't suppose it would be impossible to go back and check

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on all our sales. I don't think it is necessary. I can't see that it is so terribly necessary. I have told you we sell to anyone and I have told you that our central station accounts are the largest. Just exactly what it is, I don't know. I mean the people that operate approved central stations because they would buy burglary and fire alarm equipment while another account might buy contacts or [fol. 3614] wire or lumber. He might be some local operator and buy some foil. This company in Miami I was only talking about a couple dollars worth of foil.

Q. In how many different cities that you know about are central station services rendered by others to whom you do sell your manufactured goods?

A. Los Angeles, that I know are approved.

Q. Well, approved or unapproved, you sell to both, don't you?

A. We sell to anybody.

Q. Including the unapproved, telephone answering services or local operators or anyone else?

A. That would be the minimum amount of equipment, San Francisco, Denver; New Haven, to my knowledge, doesn't have a central station other than A.D.T. The fellow that we sell to there advertises in with some stuff he sells all over the country; Chicago; Peoria; Indianapolis; Detroit; I think the man in Minneapolis, if he is approved, would probably be in '60 or '61.

Q. What is his name offhand, if you remember?

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A. He operates under the name of "Automatic Alarms",

Tom Lewin; Kansas City—there is no one approved there. They are applying for it, I understand; Newark; a little to Albany; of course Cincinnati; Cleveland; Dayton; Philadelphia; just recently to Pittsburgh; Dallas; Houston; and Milwaukee.

[fol. 3615] Q. Can you once again, and then we will get away from that, refer to that list and the cities which you have marked off where your present recollection is that you had sold things which your company manufactured over the last, well since '55 to date, indicate the approximate number of customers that you have in each of those cities, to the best of your recollection?

A. Los Angeles, there are 2; Denver, there is 1; Chicago, there is probably 3; Peoria, 1; Indianapolis, 1; Boston, 2; Detroit, 3; Minneapolis, 1; Kansas City, 3, unapproved people up there, 3 different accounts; St. Louis, maybe 4 or 5 here, unapproved as far as I know; Newark, 2; Albuquerque, I understand A.D.T. bought him out; Albany, 1; Albuquerque, New Mexico, I remember the man's name. It was a fellow by the name of Henry Jackson. He might have operated under the name of Federal; Cincinnati, 2; Cleveland, 2; Dayton, 1; Philadelphia, 3, I think it is; Pittsburgh, 1; Dallas, 1; Houston, 1; Milwaukee, 1.

Q. Now, in that last answer, Mr. Flotron, except in several instances like Kansas City where you mentioned three customers you thought were unapproved central station operators, is that right?

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A. We have three customers that I remember there that [fols. 3616-3618] we sell to and to my knowledge, none of the three have an approved central station.

• • • • • • •

[fol. 3619] Q. Now, Mr. Flotron, there was some previous talk earlier today about telephone answering service as a form of protective service. Do you know of any persons, firms, or corporations in the area in which your company operates that perform telephone answering service, hold out telephone answering services as a form of protective service?

A. I don't know as I understand that question. I talked [fol. 3620] to you about one company that I did know who was in the telephone answering business to my knowledge and also in the alarm business.

Q. Is that Central Southern?

A. I don't know the name of the telephone answering business but they did operate under Central Southern Burglary Alarm system.

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Q. Do you know how this works?

A. I don't know how it works.

Q. Do you know how, generally, the telephone answering service works in this field?

A. I have had experience with people who have told me how they operate with a telephone answering service.

Q. Would you tell me about it?

A. In some cases, they build their own receiving equipment which they put into the telephone answering service and in the case of Peoria, when he started, Mr. Oberlander up there, he purchased one of our regular central station receiving boards and put that in the telephone answering service and they operate it for that.

Q. Do you have any other specific persons in mind besides Mr. Oberlander as the source of that information?

A. No, sir.

Q. Is that form of service a miniature central station form of service?

[fols. 3621-3622] A. It could be a form of central station services, but I never pay too much attention to it because it has no underwriter's rate or approval to my knowledge.

Q. Now, you testified earlier concerning watchmen services and

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your opinion. You stated to the effect that they were a bad risk and the personnel involved, or the personnel available to do that kind of work, were mentally, morally, and physically of a low grade, as I understand it, is that right?

A. As I said, or tried to say in my opinion, that they

are generally mentally, morally, and physically unable to perform the task of adequately protecting high risks.

* * * * * * *

[fol. 3623] Q. What are all the factors that you consider in computing an installation charge?

A. The customer's equipment, the care to the building, the extent of the openings, his overall operating habits, the length of the line facilities from the telephone company, a general estimate of a comparison of what that type or risk might involve in the way of services. As example, if it were a tavern who closed late, he might have a little difficulty in getting inebriated customers out of the premises and he might send you some unnecessary signals. He might even become a little bit under the influence of liquor himself and go off and leave it off or go home and leave it off, in which you have to make several runs. There are many factors along those lines.

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Q. Do you think now that you have named them all?

A. I don't think that anyone right off the cuff could name everything. My duties are many and varied and my problems are many and varied. I don't see how I could be expected to sit here and rattle off like an encyclopedia.

[fol. 3624] Q. You have been doing quite well today?

A. Thank you sir.

Q. I don't agree with what you have said. Do you consider profit in computing an installation charge?

A. Sure.

Q. What is the rate of profit generally that you seek or strive for in computing an installation charge?

A. I can't tell you the rate of profit that we seek because I haven't come to a fixed point where I can say for example that I try to make ten per cent or thirty per cent or forty per cent. I realize that I am just as human as anybody else and in the face or competitive situations, I am very glad to make any per cent of profit off of an account today because, as with our overhead, we must have a volume of business and we must take almost anything we can on any profit from business of customers we contact.

Q. Is your business profitable now?

A. Yes, sir.

Q. Was it in 1961 having in mind the figures, the gross revenue figures you were mentioning in government exhibit #1 for

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identification?

A. I don't understand what you mean by that. Our business was profitable in 1961.

Q. Was it in 1960?

A. It was.

Q. In 1959?

A. It was.

[fol. 3625] Q. In 1958?

A. It was in '58 and likewise '57, and '55.

Q. Has the rate of profit increased or decreased over those years?

Mr. Blumenfeld: Will you define what you mean by rate of profit, would you mean per cent of profit based on sales?

(Whereupon a discussion was held off the record.)

A. I can say this to you which I can recollect, that percentagewise and dollarwise, it decreased in '61 over '60 and without referring back to other records, I don't want to hazard a guess on the other years.

Q. I assume you are not entirely satisfied with your profit or rate of profit or whatever it is?

A. Your assumption is correct.

Q. How does the profit of your service company, your central station and other form, all the forms of business you have in mind with your service company compare with the profit in your manufacturing business? Is it more or less?

A. That is impossible for me to say because it is a combined effort in which being a small organization in which we

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transfer the men back and forth—for example, I might be out selling and I might go to the Central Station Electrical Protective Association meeting in which I might be

there to learn as much as I can about the overall business and I might sell some equipment. It is a combined thing. I can't break it down for you.

• • • • • • •

[fol. 3626] Q. With reference to what I understand to be your current policy of talking a five year term of contract, is there anything unusual, to your way of thinking, in seeking a five year duration of a contract for the services which your company will be performing for a subscriber?

A. Is there anything unusual about it?

Q. Yes.

A. I have lived with it since 1936. I don't consider it unusual. The only unusual part of it is that it is a necessity. If I didn't, I would be in a position of having to face my customers with lower bids at the end of one year or two years at least. I have got five years in which I don't have to have lower fees thrown at me in competition.

• • • • • • •

[fol. 3627] Q. Mr. Flotron, with reference to government exhibit #2, #3, and #4 for identification, which are the sample forms of contract which you produced earlier, is any one of the three used for your local alarm services?

A. Yes.

Q. Do you use them all or what?

A. We take the Central Station Burglary Alarm and "X" the central station out and write Local right in there.

Q. Referring to government exhibit #2?

A. Yes. Otherwise the form of contract remains the same. We "X" out some of the terminology that refers specifically to central stations.

Q. Will you take a moment and look at government exhibit #2 for identification and point out any specific items that come to your mind that you delete from local alarm service contracts?

A. As it starts out, "On receipt of an alarm from the subscribers premises," since we get no alarm, that is taken out. "The individual names and lists of persons

[fol. 3628] authorized on the premises," we don't use in a local, we take that out. And burglary alarm services furnished to the subscriber during closed hours, week days, and holidays and Sundays, it is up to his jurisdiction to turn it off and on. We take that out. When I originally set this up for the girl—there may be other parts taken out. I don't remember specifically what they were. She follows a general form, mostly. Remember there is a lot of "Xings" across it, a lot of it is taken out.

Q. Does the term of your local alarm service contract run usually five years also?

A. Yes, sir.

Q. Does the proposition concerning retention of title of your installed equipment remain the same?

A. Yes, sir.

Q. Do you reserve the right to remove from the subscribers premises your property which you retained, property upon termination of contract?

A. Yes, sir.

Q. Based upon your experience over the last twenty years, or more, in this industry, are those propositions for retaining of title or right to remove your property in any way unusual or different from what usually exists in the industry?

A. They are the same as what exists in the industry today, to the best of my knowledge.

* * * * * * *

[fol. 3629] Q. To the extent that you have any knowledge of the devices or equipment that the A.D.T. Company manufactures, does your company manufacture the equivalent thereof?

A. I can't answer that question honestly, because I haven't had any basis to set them side by side, from a practical standpoint, to tell you whether they are equivalent or equal. I told you from the very beginning it was my understanding all the way back to Mr. Potter, that they had a line of equipment which was not accessible to us and we went about searching for a line of equipment [fol. 3630] from any source we could. I don't have a list

of A.D.T. equipment that I can set down and make a comparison with.

Q. Were you successful, in your opinion, when you sought to do what you wanted to do?

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A. We have enjoyed some success, but what is success? It is a big question.

Q. I don't want you to boast about your company. I am asking you whether, in your opinion, the Potter Company manufactures and makes available to the electric protective industry equipment and devices for use in that field which are substantial equivalents to what the A.D.T. Company manufactures?

A. I couldn't answer a question like that. As I told you repeatedly, what makes it substantially equivalent, I don't know. This is the only thing I can tell you is that we have made devices which we have submitted to the laboratory which have passed and which we have used successfully.

Q. In your opinion, Mr. Flotron, does your company plan any kind of electric protective system that the A.D.T. Company cannot?

A. I don't know what the A.D.T. Company can do.

Q. I am asking you, based on your experience and on observation you have described in your testimony thus far, can you state such an opinion and if so, what is it?

A. I cant give you an opinion. I don't know what they can do, I only know what we can do and I can only refer to customer to look at what we might be able to do for them and make, and make an independent judgment of what [fol. 3631] we can do for them. They can also make a judgment as to what they can do for them.

Q. You have never talked to any customer of A.D.T. of

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your own or any potential new subscriber concerning what the A.D.T. Company could do for them and what your company could do for them?

A. I am sure that the customers have brought up something in relationship to the extent of protection that they might have been getting from A.D.T., but again, I am in

no position to tell what A.D.T. Company can do. Generally, I tell what I can do and what we can do for anybody, in the case of the laboratories and approval for our customers and in the case of a sale, there may be many things said and misunderstood and I don't know what A.D.T. can do and I don't try to tell any customers what A.D.T. can do.

Q. Now, there was something said yesterday, Mr. Flotron, about insurance credits. Do you have any knowledge as to what, if any, insurance discounts your subscribers actually received from any insurance organizations?

A. There have been some instances when the customer reported back to us the credit he had gotten from certified alarms.

Q. That is unusual, isn't it?

A. It is not unusual.

Q. It doesn't happen often or as a matter of course?

A. It depends on what you consider it, some might consider it often, every day or once a week and some might consider it often once a month.

[fol. 3632] Q. Of the seven hundred three subscribers that you indi-

cated that you have for burglary alarm and holdup protective services in 1961, how many of those subscribers received and insurance discount?

A. According to our records here, which I gave to you, there is one hundred thirty-five different firms.

Q. Isn't that number one hundred thirty-five opposite the number of the firms, does that mean a number that receives a certificate from you?

A. That is correct.

Q. Does that mean, in your opinion, that those one hundred thirty-five receive an insurance discount?

A. It means only that we have given him a certificate which would entitle him to give it to his broker for an insurance reduction.

Q. That is one hundred thirty-five out of total number of subscribers listed under the 1961 column?

A. No, sir, under burglary alarm and holdup. We have issued no certificates for fire alarms or watchmen or local.

Q. Do you have any knowledge as to whether any of the thirty subscribers of your automatic fire alarm system protection or your six hundred forty fire alarm and supervisory, or your forty-eight manual alarms or eighty-three local alarms subscribers receive any insurance discount?

A. It is reasonable to assume they did.

Q. No, that is not my question, do you know?

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[fol. 3633] A. I know that we made plans which we gave to the Missouri Inspection Bureau on automatic fire alarms. We made it possible for the man to—the discussion was held with his insurance agent concerning it. I didn't follow back whether he actually got the amount of reduction.

Q. So, you don't know whether any of those received any insurance discount, isn't that so?

A. There have been some that have. Without remembering just what they were, I remember there were some that told me they got something, but I don't keep a record of what every customer tells me. This fellow got a mill reduction and this fellow got a cent and a half. As I told you yesterday, as far as reduction is concerned in insurance, we receive for an alarm, we refer them back to a broker that will tell them exactly what they get.

Q. I am asking you whether you know and I think the answer is, you don't know, isn't it?

A. No, sir. If the customer tells me that he received a reduction from his agent, I know he got something. I wouldn't know the extent of it.

Q. Well, I think the number of subscribers here listed under the four categories but for the first add up to seven hundred ninety-one subscribers in 1961 exclusive possibly of proprietary and direct connected subscribers. Of those seven hundred ninety-one, can you name one who you remember as a

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matter of fact told you and whom you know received an [fol. 3634] insurance premium discount?

A. Sure. Mallinckrodt Chemical Company.

Q. Can you name another?
A. Monsanto.
Q. Can you name another?
A. Famous Barr.
Q. How many can you name?
A. Probably if I had a list of customers, I could think of quite a few.

• • • • • • •

[fol. 3635] Q. Now, we talked a little bit yesterday about the provisions in your various forms of contract which have been marked for identification as government exhibit #2, #3, and #4 by which title the equipment is retained by your company. What happens, Mr. Flotron, when a subscriber terminates or you terminate a service contract so far as your equipment is concerned?
A. Several things happen depending upon the reason for the termination. We might leave the equipment intact.
Q. That is where you think a new tenant or new subscriber will use the space and you might find a new customer?
A. Sometimes, even if we hope, the owner may get one very quickly.
Q. If you have no reasonable expectation of finding a new subscriber to replace the man who has left, if that is the reason for termination, what do you do with your equipment?
A. We will remove the main control fixtures.
Q. What do you not remove?
A. Electronic gears or such as ultrasonic or radar or electric eye.

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Q. You are saying what you do remove?
A. That is what you asked me, you didn't wait until I finished.
Q. Go ahead?
A. What we don't remove would be generally the pipe and wire and foil on the windows, those are items of minor value in which it would cost more to take it down [fol. 3636] and try to salvage it than it is worth.

Q. Than it is worth?
A. Yes, sir.

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[fols. 3637-3638] Q. Now, I notice, with reference to government exhibit #1, that there are apparently one hundred thirty-five firms who subscribe to your burglary alarm and holdup protection service. Is that right, sir. Those who had certificates in effect on January 18th, 1961?
A. That is correct.
Q. And those firms had a hundred and sixty locations and two hundred seven certificates?
A. That is correct.
Q. Would you explain the difference in those number to me?
A. Well, one firm could have two different buildings and it could have four certificates in those two buildings for separate circuits and I would issue a separate certificate on each circuit.
Q. And in soliciting or attempting to obtain the contract with those one hundred thirty-five firms and one hundred sixty

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locations, did you negotiate once and cover one contract which covered more than one location?
A. It would be possible, we could have negotiated with a customer and had a contract with him and he decided to have it certified a year later or two years later.

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[fol. 3639] What, in your opinion Mr. Flotron, is the purpose and function of a local alarm system?
A. To protect the subscriber against illegal entry and loss of his inventory.
Q. Is that purpose and function as you have described it any different than the purpose and function of a central station system?
[fol. 3640] A. Yes, sir.
Q. In what respect?

A. The central station system goes a little further, it has more.

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Q. I say is it's purpose and function any different?
A. It is different.
Q. Explain?
A. The central station goes a little further than that, it gives an additional assurance to the customer that his alarm will be put on by his employees and it gives him his opening and closing times. Those are the first two that come to my mind.
Q. Are there any differences in purpose and functions of the central station protective systems whether or not they are accredited by any insurance organizations or rating bureau?
A. Are there any what?

Mr. Conkling: Will you please read that back?

(Whereupon the reported read the question as follows: "Are there any differences in purposes and functions of the central station protective systems whether or not they are accredited by any insurance organizations or rating bureaus".)

A. There could be.
Q. Are there?
A. None comes to my mind right now.
Q. Wasn't the function and purpose of the business which the Potter Company did prior to the time they obtained any approval the same as it had been since they obtained approval?
A. No, sir.
Q. What is the difference?

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[fol. 3641] A. Before it attained approval, it didn't attempt to protect the customer to the extent that it does now on sprinkler supervisory.

• • • • • • •

[fol. 3642] Q. There was some testimony yesterday concerning installation charges and I think you testified that it was the policy of your company, almost always, to collect such a charge upon the completion of the installation?

A. It is our policy to attempt to collect it, yes.

Q. Is there any percentage of which you have record, in which your attempts are successes compared to those that are not?

A. The percentage is what I remember. Again, I don't keep any records.

Q. What is your best estimate?

A. Nearly all.

Q. Could you do any better than that for me, state a percentage, if you can?

A. I can't tell you a percentage without looking at the record of how many I had.

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Q. If a subscriber asks for some time and there is a valid reason, you grant him some time?

[fol. 3643] A. I would if there was a valid reason, grant some time.

Q. What is the maximum you grant?

A. I haven't set any maximum time.

Q. Would you allow them to pay over the term of the contract if you were satisfied the reason was a sufficient one?

A. If I was satisfied the reason was sufficient, I might.

Q. To the extent that you have a policy in that regard and have expressed it here on this deposition, is your policy the same in Ohio? That is, I am talking about the Ohio Company.

A. Our individual policies would be set more by the manager in Ohio.

Q. The manager has complete discretion to fix his own policies in that regard for the Ohio Company?

A. He would if he wasn't able to contact me. If he were in doubt, he would call me and tell me what he had or ask for advice on such a case.

Q. Would that doubt arise because of a question of

whether the reason of the customer was sufficient or whether the time requested was reasonable?

A. It would be either.

Q. Has such a question arisen within the last five years?

A. I don't recall any.

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Q. What is the longest period of time over which you have permitted a subscriber to pay an installation charge back to 1955?

A. The length of the contract.

Q. Is that a five year contract?

[fol. 3644] A. I remember one was a five year contract.

Q. Have you ever, in your time with the Potter Company, Mr. Flotron, solicited an account and offered to forgive an installation charge or not to make an installation charge?

A. No, sir.

Q. Have you ever, in your time with the company, in soliciting a contract reduced an installation charge as first submitted to a subscriber?

A. Yes, sir.

Q. Is there any minmum or maximum or average range of such reduction and installation charge after a first submission?

A. No, sir.

• • • • • • •

[fol. 3645] Q. Have you, as a matter of business practice, submitted second bids to customers or potential customers in connection with a sought after contract?

A. Only if a customer requested a change or if the customer would require a different figure or if the customer told us that the competition had lowered their price when they found out we were in there. We would then request a consideration of all the facts to see that we were figuring on the same thing and we would adjust our prices accordingly.

• • • • • • •

Q. Is the purpose of a proprietary system to minimize losses by fire, burglary, and so forth?

A. The purpose of any protective system is to minimize losses. That is the reason the Underwriter's Laboratory [fol. 3646] looks at thousands of devices, many of which they pass and some they don't

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By Mr. Conkling:

Q. Mr. Flotron, referring to government exhibit #1, the gross revenue figures, would you look at the 1961 figure for burglary alarm and holdup and break that down for me into two parts, the amounts of revenue that you derive from certificated and the amount that is derived from noncertificated?

A. I can't do that.

Q. Can't you approximate?

A. No, sir.

Q. You can't give me a rough guess as to whether most is from certificated or most from noncertificated?

A. Not with any degree of accuracy and it doesn't seem practical or sensible for me to guess at something I don't know.

Q. I am going to ask you for a break down of each of those items for each of the years you have indicated. I want each gross revenue figure broken into two parts, certificated or accredited on noncertificated or nonaccredited and we will leave a space in the deposition for the insertion of that information?

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	'61	'60	'59	'58
Burglar Alarm & Holdup				
Certificated	$ 77,533.70	$ 73,710.00	$ 68,775.00	$ 65,055.00
Noncertificated	238,847.03	190,513.74	190,951.33	167,467.31

[fols. 3647-3649]

	'57	'56	'55
Burglar Alarm & Holdup			
Certificated	$ 60,591.92	$ 56,011.92	$ 50,467.92
Noncertificated	155,619.53	146,976.57	137,854.80
Automatic Fire Alarm			
Certificated	Same as Gov't Exhibit #1.		
Noncertificated			

Fire Alarm-Water Flow & Supervisory

Certificated "
Noncertificated

Watchmen & Manual Alarms

Certificated "
Noncertificated

Local Alarms

Certificated "
Noncertificated

217	7		they "are" finally accepted by the underwriters.
226	3	A.	They don't fix the limitations, they "are" fix"ed" by the traffic etc.
246	2		"ma ny" local accounts.
254	4		(Insertion) for Cincinnati "None" for both proprietary and direct connected.
256	1	A.	With the exception of the manager "who" is the etc.
257	1		(Insertion) for Cincinnati.

	'61	'60	'59	'58
Burglary Alarm & Holdup				
Certificated	$ 4,357.00	$ 3,315.00	$ 2,265.00	$ 449.00
Noncertificated	74,317.90	74,093.01	66,907.30	64,077.69

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[fol. 3650] Q. What is the maximum distances in length which you provide service?

A. There are no maximum distances, it depends on the running time as required in the rules.

Q. What do you find to be, in your experience and currently to be,

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the maximum distances to which you can supply service and stay within the permissable running time?

A. It would depend on the number of mobile equipped service cars I had in the area.

[fols. 3651-3652] Q. How many equipped mobile service cars do you operate?

A. About twelve.

Q. Based on the number twelve such mobile units, what

are the distances which you find you are able to furnish or cover within the permissible type limits?

A. Generally speaking, we find that we are able to handle the St. Louis area and the areas immediately surrounding St. Louis.

• • • • • • •

[fol. 3653] Q. Well, at any rate, it is true, is it not, that the geographical area serviced by your company is not the same for all kinds of protective service which you furnished?

A. It would have a bearing on it, there would be a difference.

Q. Well, comparing burglary and fire, for example?

A. I think I stated yesterday the running time on fire alarms for sprinkler systems is greater than on burglary alarms.

Q. What is the distance?

A. Ten minutes.

Q. For a fire?

A. Ten minutes greater for a fire alarm.

Q. These differences depend on limitations by underwriting authority on the arrival time of guards?

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A. It is not a limitation, that is a requirement.

Q. Well, the requirement depends on it?

A. They don't fix the limitations, they are fixed by the traffic conditions and weather.

Q. Are there other factors?

A. Sure.

Q. What are they?

A. There could be a storm, a parade, a storm, there [fols. 3654-3655] could be many factors that influence you average running time. Evidently that is why they gave you an average running time for an account. They realize there were changeable factors.

• • • • • • •

[fol. 3656] By Mr. Conkling:

Q. What steps do you take when a customer solicits an installation of one of your protective service systems, do you make a survey of the premises?

A. Yes, sir.

Q. In every instance?

A. Nearly every instance.

Q. If you had a jewelry shop on Olive Street whom you had been serving for a while and another jewelry shop of [fol. 3657] about the same kind of front called you and asked for a bid, would you bid without surveying?

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A. No, sir.

Q. Why is that?

A. Because we have found that about the same doesn't mean the same. You must get inside each job, each job is different and every customer is different. Some man might consider his safes more important than another. he might want protection on a safe and the other man didn't. He may want his windows left in or left out. We want to get inside and see what we have to do.

Q. How long has it been the practice of your company to make installation or advance service charge?

A. Ever since I have been there.

Q. To your knowledge, is this a common practice among the companies who render similar services?

A. To the best of my knowledge, it is general.

Q. Does your installation or advance service charge equal the cost of equipment installed plus your labor costs?

A. We don't figure it on that basis.

Q. You have stated what you base it on heretofore?

A. Yes, sir.

Q. Do you maintain or have any standard price list for the installation price, service charges of each of the types of services which your company furnishes?

A. No, sir.

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[fols. 3658-3659] Q. And the prices for any particular serv-

ices, I take it, are a matter of judgment based upon the factors that you have mentioned heretofore?

A. It is a matter of estimate and judgment based upon the facts which we have mentioned, factors which we have mentioned.

Q. What is the approximate percentage of your subscribers from whom you have not obtained the $1.25 to $1.50 per month increase over the last, over each of the last ten years?

A. I haven't kept any record as to the percentage.

Q. Can you tell me whether it is your present impression that from most of your subscribers you obtain such increases?

A. From most of them we have.

* * * * * * *

[fol. 3660] Q. Do you consider, Mr. Flotron, that you encounter competition from persons, firms, or corporations here in the St. Louis area which furnish local alarm services?

A. Do I consider it competition?

Q. Yes?

A. In relationship to my local alarm business, yes.

Q. Are there local alarm services rendered in this St. Louis area which are connected to or monitored by a central station?

A. I told you yesterday that I thought there was one, this telephone answering service and they are owned by the same people.

Q. You think only in terms of the telephone answering service when I ask you about a local system connected to a central station?

A. At the moment I did. There is such a thing as direct connected when the operator will connect to the police department.

Q. Isn't there such an answering service to your station?

A. Yes, sir.

Q. You have such accounts, don't you?

[fol. 3661] A. Yes, sir.

Q. How many?

A. Fifteen.

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Q. Where are they shown in government exhibit #1?

A. I don't know where they are counted in there.

Q. Are they counted among the central station group?

A. I don't know if they are in that group. I know approximately what they are.

Q. About fifteen as of now?

A. Yeah.

Q. And how has that number changed, if at all, back from 1955?

A. I wouldn't remember just exactly when we started it, but it has increased a little bit each year.

Q. Will that form of service to you render a charge to the subscriber or to the local or the firm that is providing the local service to the subscriber?

A. Directly to the subscriber.

Q. And if a signal is actuated on such a subscriber's premises to your central station panel, is the result the same as if the signal had come from a central station subscriber?

A. No, sir.

Q. What is the difference?

A. We let the customer tell us what he wants to do, who he wants us to notify, the police, him, or the local alarm company or any combination that he chooses and that's all we do.

* * * * * * *

[fol. 3662] Q. Would you name for me, on the record, Mr. Flotron, the persons, or firms, or corporations, which to your knowledge furnish any form of electric protective service in this St. Louis area?

A. If we had a telephone book here, it would be real easy for me.

Q. Well, I don't have one here.

A. I could pick it out and give you the names.

Q. In the classified section?

A. You would see those listed for burglary and fire alarms.

Q. What are those?

A. Central Southern and Merchants and Central Dis-

trict Alarm and Fire Detection Services and I think there is a Notifier in there and there may be some others.

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Q. What is the local alarm company or companies, [fol. 3663] if there is more than one, who connect into your central station?

A. Merchants Burglary Alarm Company.

• • • • • • •

Q. Would you tell me briefly how this type of local alarm service functions, Mr. Flotron, whether there is [fol. 3664] a connection into the central station such as yours?

A. Yeah, we get a line from the telephone company, place a transmitter in the customer's premises with a time delay for approximately thirty to forty seconds so that we—and if the local bell rings for that length of time, it actuates our transmitter sending a code over the Bell Telephone line through our McCoullough circuit into our office.

Q. To your knowledge, has this type of service been used for a long period of time in this area?

A. In this area?

Q. Over the period of time you have been here?

A. I wouldn't know how long it has been used in this area. I might be the first one to use it, I don't know.

Q. When did you first use it?

A. I don't recall exactly, I would say within the last five years.

• • • • • • •

Q. What is the difference between a direct connected service as you understand it and a central station service? [fol. 3665] A. Direct connected service goes directly into the police or fire department.

Q. And not to the central station?

A. That is correct.

Q. The police or fire men will respond upon the actuation of the device?

A. Yes.

Q. Have you found, in your experience over the last ten years, Mr. Flotron, that you have an account which you were seeking to sell central station service to someone else who provided a direct connected service?

A. It would be possible, in St. Louis County, that one of the boys operating there would have a lesser price for going into this station directly, into the police station. It would be possible. I don't remember any specifically.

Q. Do you know whether connections are allowed from commercial establishments into the police department here in the City of St. Louis area?

A. There could be some. I think we have got somewhere around ninety-four or hundred different municipalities around here.

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Q. I think maybe perhaps I should talk about it in two places. How about the City of St. Louis?

A. Not to my knowledge in the fire department.

Q. Police department?

A. I told you about approximately twenty-four that were over there.

[fol. 3666] Q. You mean those are twenty-four connections made to a police board?

A. That is right.

Q. And in the outlying or in the County outside the City of St. Louis, what is the answer with respect to police departments?

A. In the smaller communities, I don't know what their individual policies are other than generally they are accepting some form of burglary alarm direct connected.

Q. How about the fire department?

A. I wouldn't know.

• • • • • • •

[fols. 3667-3668] Q. Have there been, if you know, any persons, firms, or corporations who have entered the protective service field in the St. Louis area in the last ten years?

A. I think there were some.

Q. Are there more people or firms or companies now

providing such service in St. Louis than there were five years ago?

A. If you are talking about the possibility of proprietary systems and direct connected systems and local alarm, yes.

• • • • • • •

[fol. 3669] Q. Have you lost any contracts for central station electric protective services to persons or firms who provided other types of protective services?

A. I don't recall any.

• • • • • • •

Q. I think that is enough for now. Have you secured protective service contracts from subscribers in competition with A.D.T. over the last ten years?

[fol. 3670] A. Oh, yes. I told you about one in particular, the Paramount Liquor Store in which we were able to get in competition with A.D.T.

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Q. Is that the only one that you can think about?

A. No. The Ralston Purina would be another one. I don't think in terms of making a summation of what we got from A.D.T. or just where it comes from or just whether or not we got it.

• • • • • • •

By Mr. Conkling:

Q. How long has the Potter Electric Signal Company, the Ohio Corporation, been in existence, Mr. Flotron?

A. Since 1957.

Q. And what had it been prior to that, if you know?

[fol. 3671] A. The Walnut Hills District Telegraph.

Q. And a Mrs. Lawton was the owner of that company, is that right, at the time your company acquired ownership?

A. That is right.

Q. And your company owns all the stock in that company, does it not?

A. Yes, sir.

Q. Is the Ohio Corporation which is now Potter Electric Signal Company the same corporation as did exist except for a name change?

A. Yes, sir, all we did was change the names, if I understand the question.

Mr. Blumenfeld: The Potter Electric Signal Company, the Ohio Corporation, grew out of a corporation known as Walnut Hills District Telegraph Company, an Ohio corporation, which was created sometime just about the first quarter or perhaps in April or May of 1957 by Potter Electric Signal Company of Missouri. That company had taken over and purchased the assets of an existing corporation which was then known as Walnut Hills District Telegraph Company, an Ohio

corporation which changed its name to some other name and then gave us the new Ohio corporation to use the name Walnut Hills Telegraph Company. Then, in about 1960 or 1961, I am not sure which, we changed the name of our Walnut Hills District Telegraph Company to the Potter Electric Signal Company, the Ohio corporation.

[fol. 3672] By Mr. Conkling:

Q. And that Ohio corporation which is the present existing corporation engages in what business?

A. Now, it engages in the business of central station electrical protection.

Q. And it has since it began to operate after the events described by Mr. Blumenfeld?

A. Yes, sir.

Q. For how long, if you know, has there been electric protective services furnished in Cincinnati prior to the entry of the present Potter Ohio corporation there?

A. I don't know how long she was in business as the Walnut Hills Company there. To the best of my recollection, it may have been fifteen or twenty years.

Q. Do you know the forms of protective services that company furnishes at the time your company became interested and acquired its ownership interests?

A. She had burglary alarm service and a few fire alarms and she had some watch service.

Q. Entirely local or was there central station services?

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A. She had central station services of an unapproved nature.

Q. Entirely?

A. To the best of my recollection, there was nothing approved there.

Q. When your company acquired the assets, did it acquire whatever were the existing contracts of Mrs. Lawton's corporation?

[fol. 3673] A. Yes, sir.

Q. Approximately how many subscribers for services were there at that time when it was acquired?

A. To the best of my recollection, around three hundred.

• • • • • • •

[fol. 3674] Mr. Conkling: Let the reporter mark this summary statement defense exhibit E?

(Whereupon the reporter marked the exhibit as follows: "Defendant's exhibit E, 1/26/62—JLH.)

• • • • • • •

[fol. 3675] Q. Is your Missouri corporation the principal source of supply to the Ohio corporation?

A. I would say it is their principal source, yes.

• • • • • • •

[fol. 3676] Q. Now, referring to defendant's exhibit E for identification, it is indicated that there are twenty-four certificates in effect. That is as of what date?

A. That was as of January of '61.

Q. Of '61?

A. I mean January of '62.

Q. Are those twenty-four certificates and the twenty-one firms that are certificated as indicated all included in the three hundred twenty-seven burglary alarm and holdup alarm subscribers?

A. Yes, sir.

Q. Do you know, looking at the 1961 gross revenue figure for burglary alarm and holdup, $78,674.90 how much of that revenue is derived from those certificated subscribers?

A. No, sir.

Q. In connection with your Missouri corporation, I asked you several questions about the break down of those gross revenue figures as to whether they were derived from certificated and noncertificated and I believe that we [fol. 3677] left space for the additional information later. I would like to have the same arrangement made in connection with this Ohio corporation.

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Potter Electric Signal Company
Cincinnati, Ohio

	1961	1960	1959	1958
Burglary Alarm & Holdup				
Certificated	$ 4,357.00	$ 3,315.00	$ 2,265.00	$ 449.00
Noncertificated	74,317.90	74,093.01	66,907.30	64,077.69
Automatic Fire Alarm				
Certificated	Same as Exhibit E			
Noncertificated				
Fire Alarm-Water Flow & Supervisory				
Certificated	Same as Exhibit E			
Noncertificated				
Watchmen & Manual Alarms				
Certificated	Same as Exhibit E			
Noncertificated				
Local Alarms				
Certificated	Same as Exhibit E			
Noncertificated				

A. We might not be able to go back and do that in anything except the current year.

* * * * * * *

[fol. 3678] By Mr. Conkling:

Q. Now, Mr. Flotron, looking at this number of twenty-one firms out of three hundred twenty-seven that subscribe to the Ohio burglary alarm and holdup services, would you explain to me what, if any, difference there is in the nature of services that is provided to those who are certificated as compared to those who are not?

A. Yeah. You could conceivably have a subscriber on a non-certificated alarm on which he would insist that only certain areas of protection would be covered. For example, he could have had ten doors and windows to the place and he wanted only five protected and we couldn't issue a certificate on that basis. It wouldn't cover all accessible openings. You couldn't issue a certificate on that job.

• • • • • • •

[fols. 3679-3680] Q. I was wondering whether you can tell me whether there is any relationship between the twenty-one certificated firms among the three hundred twenty-seven subscribers you have and the gross revenue? Is there about 21/327 gross revenue that comes from certificated services or could you say that?

A. I couldn't say. You could have a certificated alarm for $25.00 and an uncertificated alarm for $250.00.

• • • • • • •

[fol. 3681] Well, you notice in government exhibit #1 for 1960, you indicated six hundred and two burglary alarm holdup subscribers and in 1961 you indicated seven hundred three, one hundred one more?

A. That is right.

Q. And likewise there are slight additions as you go down in the other forms of services, correct?

A. That is correct.

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[fol. 3682] Q. Now, does that mean what it seems to say, that these are new and additional installations, new customers?

A. Sure, there are additional installations.

Q. So, there have been additional use of equipment and devices in outside stations, has there not?

A. Yes, sir.

• • • • • • •

[fol. 3683] Q. I think you testified just before lunch that your recollection was that the A.D.T. Company had lost one account that you can think of to your company in the St. Louis area?

A. You asked me if I remembered any and I said I think I remembered one that I might remember.

Q. How about O'Hare's?

A. O'Hare's?

Q. Yeah, Brass and Aluminum Foundry Company?

A. I don't recall this O'Hare being an A.D.T. customer and having lost it to us.

Q. Do you know whether A.D.T. bid on that potential contract at the time your company did?

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A. Not for sure.

Q. Do you have that contract?

[fol. 3684] A. Yes, sir.

Q. How about Morrison Distributing Company?

A. I remember the name, but I don't remember whether we got it or lost it.

Q. You don't know whether A.D.T. bid on it at the time?

A. I don't recollect.

Q. How about Denton's Service Station?

A. Denton's Service Station, I think we got.

Q. The A.D.T. bid on it, do you know?

A. I don't remember.

Q. How about Fulton Bag & Cotton Mills?

A. We have.

Q. You don't know whether A.D.T. bid on it or not?

A. I don't know, we have had that an awful long time.

Q. Have you had it since about August of 1953 or longer?

A. You see, that is going back pretty far. I don't remember just when it was. That would be a long time and we could have had it even before that. There could

be an extension of services or something, I don't recall whether they bid on it.

Q. How about Chaffee Candy & Tobacco?

A. I think we a Jabby or we have a Jabby. They might have gone out of business.

Q. You don't know whether A.D.T. bid on it or not?

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A. I don't know specifically that they did, it would be reasonable to assume they did in his case.

Q. All of those I have mentioned so far are central station accounts?

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[fol. 3685] A. Yes.

Q. How about Fred P. Rapp, Inc.?

A. I remember bidding on the Rapp's.

Q. Do you know whether A.D.T. did?

A. I think they did.

Q. You got it?

A. I don't remember whether we got them all or one of the various operations that we bid on, they have several places.

Q. Don't you have several places?

A. I don't recollect whether we have or whether they got them or what proportionate amount they or we might have gotten.

Q. Sally Ann Shops, Inc.?

A. I don't recollect the whole story on Sally Ann.

Q. You have them, don't you?

A. We could have, I remember the name.

Q. You dont' know whether A.D.T. bid on that business?

A. I think they did.

Q. How about Steelcoat Manufacturing Company?

A. Steelcoat, we have. I think they bid on that.

Q. How about Robert Hall Clothes?

A. I think they bid on Robert Hall Clothes.

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Q. You have them?

A. We don't have all of them, I think they have some of them.

Q. How many do you think you have and how many do you think they have?

A. I don't know how many they have, I think we have [fol. 3686] about four or five locals with Robert Hall.

Q. Is that a prestige account?

A. No, sir.

Q. How about Consolidated Containers Corporation?

A. I remember the name, whether it was in a fire alarm or burglary alarm, I don't remember.

Q. If I suggested it was a burglary alarm, would that refresh your recollection?

A. No, because I just remember the name.

Q. You have them as an account?

A. I couldn't say for sure, I think so.

Q. Do you know whether A.D.T. bid on it when you did?

A. I can't say for sure.

Q. How about Acme Laundry and Dry Cleaning?

A. I don't remember the disposition of that either.

Q. You do have them, don't you?

A. I think we have.

Q. Central station system?

A. I think so.

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Q. You don't know whether A.D.T. bid on them or not?

A. I can't say for sure, I just don't recollect.

Q. How about St. Louis Avenue Packing Company?

A. I remember the name, I think we got a burglary alarm out there.

Q. Central station?

A. Yes, sir.

[fol. 3687] Q. Do you know whether A.D.T. bid on it?

A. I have a recollection of them bidding on that.

Q. You got the contract?

A. To the best of my recollection.

Q. How about American Locomotive?

A. I don't recall that.

Q. Sprinkler supervisory and water flow system in or about April of 1954?

A. I don't recollect that, sir.

Q. You don't know whether they are a subscriber of yours now?

A. I don't recollect whether they are or not.

Q. How about Rothman's?

A. Rothman's is a subscriber of ours.

Q. Do you know whether A.D.T. bid on that account?

A. To the best of my recollection they did.

Q. You got it?

A. We got some of them. I don't know if we got them all.

Q. Acme Novelty Company?

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A. We have an Acme Novelty.

Q. Did A.D.T. bid on that?

A. I don't remember them bidding on that.

Q. How about Blanke Baer Extract & Preserving Company?

A. Blanke Baer has been a customer of ours many years, I think they were there when I got there.

Q. Did you bid on an automatic fire alarm system with that company in or about August of 1954?

[fol. 3688] A. We had an automatic fire alarm in Blanke Baer when I came with Potter Electric Company.

Q. Did anything additional of different happen in August of 1954 on which A.D.T. bid?

A. That could have been a regular renewal time on which they might have been called in on a competitive bid. My recollection of Blanke Baer is that I told them the system needed a complete redoing and gave them a figure on completely redoing the system because they had a type of manufacturing operation there, of cooking kettles, which cause the automatic fire alarm to deteriorate and I recommended it be replaced.

Q. Was your recommendation adopted?

A. Yes, sir.

Q. You don't know whether A.D.T. made any recommendations?

A. No, I don't. They might have been called in, I don't know.

Q. How about Marlowe Coil Company?

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A. To the best of my recollection, we have some Marlowe Coils and they might have some, I am not sure.

Q. Those that you have, did A.D.T. bid on them, do you know?

A. I think some, to the best of my recollection, yes.

Q. How about A. Wasserman & Company?

A. That could have been an old account that we had and we asked for a raise in which they might have been called for a bid. I don't recollect all the details.

Q. At any rate, you have them as a central station?

A. To the best of my knowledge.

[fol. 3689] Q. These various firms and companies that I have mentioned up until now, are they in any particular kind of business or are they generally various types as indicated in many instances by their names?

A. Generally, they are various types, they could overlap.

Q. How about Metal Goods Corporation?

A. Metal Goods Corporation is a customer of ours.

Q. Did A.D.T. bid for that account also?

A. I think they did. That was a removal, they moved from one location to another and A.D.T. could have gotten it from a reporting service and they could have been called in.

Q. What about the United States Government General Services Administration, Central Intelligence? Is that the one we referred to indirectly?

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Mr. Story: I object to any further inquiry to something that might be a government secret.

Mr. Conkling: I am asking him if that is the one.

Mr. Story: Then, you are going to identify it in this record. If you want to take the responsibility of designating this witness—this witness has already told you he is bound by secrecy and it is not to be told. I guarantee you we will take it up with Judge Sweeney as soon as I can get there.

By Mr. Conkling:

Q. How about the West End Laundry? Let is not the reason I am staying away from the question.

A. The word "General Services Administration", for example, is on all these desks and chairs. It could mean [fol. 3690] many things. I don't recollect what job are talking about. West End Laundry has been a fire alarm customer of ours for many years. I have known the dad and son and we proposed a burglary alarm installation for them after several robberies in the neighborhood in which they were in.

Q. You have such an account now?

A. Yes, sir.

Q. Do you know whether A.D.T. bid on it when you got it?

A. No, sir, I don't.

Q. National Food Stores?

A. I recall the name, I don't remember the details of it.

Q. Do you have such an account now?

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A. I can't recollect.

Q. You don't know whether A.D.T. bid on the account?

A. I said I couldn't recall the circumstances, I just recall the name.

Q. Interstate Supply Company?

A. Interstate Supply Company is a customer of ours.

Q. Did A.D.T. bid on the job?

A. I think so.

Q. How about Scruggs Vandervoort Barney?

A. They are customer of ours.

Q. At the time you obtained the account, did A.D.T. bid on it?

A. I don't know.

Q. Would that be a prestige account?

A. It is one of the two department stores, it doesn't in any way compare with Famous Barr.

[fol. 3691] Q. How about National Food Stores, is that a prestige account?

A. I wouldn't consider it so.

Q. Do you know whether National Food Stores operate elsewhere than in Missouri?

A. No, sir.
Q. You don't know?
A. I don't know.
Q. How about Goodman's Inc.?
A. What about Goodman's?

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Q. Are they an account of yours?
A. No, I think we covered that, didn't we? No, that was Rothman's. Goodman's I am thinking of is a gun place on 11th and Olive Streets, is that the one you have reference to?
Q. I don't know except it is apparently a burglary alarm system with some twenty-four units installed?
A. I remember Goodman's on 11th & Olive.
Q. Crispo Cake Cone Company?
A. I remember the name, I don't recollect the disposition of it.
Q. General Electric Supply?
A. I remember the name. I think we recently got one. I think in their particular case they sold us they wanted to make a change, they were dissatisfied with A.D.T.
Q. When was that?
A. It could have been in 1961.
Q. Did somebody say that to you, somebody of General Electric say that to you?
[fol. 3692] A. My recollection is that they said they were dissatisfied with the service and they wanted to make a change.
Q. Who was it that said that?
A. I don't recollect.
Q. Did they specify in what regard the services was inadequate?
A. I wouldn't ask any details, just be very happy they

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were getting the figures.
Q. How about Chase Distributing Company?
A. I think they are a customer of ours.
Q. Did A.D.T. bid for the account?
A. I don't know.

Mr. Story: Would you like to identify for the record

the document you are reading from, is that something you prepared yourself?

Mr. Conkling: Mr. Story, I am asking the questions of the witness, you are not asking questions of me.

Mr. Story: You are reading from the document, are you not?

Mr. Conkling: I am referring to a document, yes.

By Mr. Conkling:

Q. How about Western Auto, Mr. Flotron?

A. I remember the name, I don't recall the disposition of that either.

Q. Are they an account of yours now?

A. I think so.

Q. You don't know whether A.D.T. bid against you in attempting to get that account?

A. I don't recall.

[fol. 3693] Q. How about Jacy Loan Company?

A. I recall the name but not the details.

Q. How about "Grosicke" Italian Restaurant?

A. I don't recall that. There is a Rose Italian Restaurant, R-o-s-e, that is an account of ours or at least it was until he remodeled.

Q. Did A.D.T. bid against you at that time, if you know?

A. I don't recall.

Q. How about St. Louis Photo Supply?

A. I recall the name, but not the details.

Q. M-u-r-e-n & Company?

A. I recall that name also, but not the details.

Q. Do you mean you have that as an account now?

A. I don't recall.

Q. Eberhard Manufacturing Company?

A. That name rings a bell, but I don't recall the details.

Q. How about Wetterau Grocery Company?

A. That one I recall.

Q. Is that an account of yours?

A. That was an account of ours and when they moved, the A.D.T. salesman picked that up in the reporter's

services or newspaper or something and I recall that one in particular because after we had laid out a job out there for their overall security man, A.D.T. made three or four changes in their bids.

Q. When are you talking about, Mr. Flotron?

A. A couple of years ago or 1960, somewhere around in there when the Wetterau Grocery Company moved.

[fol. 3694] Q. What kind of service are you talking about?

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A. Burglary alarm and fire alarm.

Q. What kind?

A. Supervisory, sprinkler services.

Q. How many units are you talking about?

A. It was a warehouse and a multiple number of circuits.

Q. You seem to have a number of other details, I want to probe that a little?

A. The reason I remember so vividly is because the man down there, Pollard, he kept getting different bids from A.D.T. and always a little lower than ours. He called me up and said, "Mr. Flotron, you must have some kind of leak in your organization. Every time you fellows come in with a bid, A.D.T. comes in a little bit lower".

Q. How many did you go back in with?

A. As I recall it, we made one bid and the changes we made were on the extent of protection and I finally went down there with them and just said, "Well, look, this nonsense has got to stop. You have been customers of ours for a long time, you have made out the equipment that you want and here is the figure at which I can sell you this and I can't go any lower than this and where are we going to stop".

Q. Did you obtain any letter from Mr. Pollard to this effect similar to these papers which you say you carried for twenty years which have been marked government exhibit #6, #7, and #8?

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[fol. 3695] A. No, sir, I didn't.

Q. How about Abe Cohen?

A. I remember the name, it seems to the best of my recollection it is a customer of ours. I don't remember the details.

Q. Is he a customer here in St. Louis and also in Alton and Springfield?

A. I don't recollect, I don't recollect to that, I just recollect the name.

Q. Where is Alton?

A. That is in Illinois.

Q. How about Springfield?

A. It could be Springfield, Illinois or Springfield, Missouri, one is about two hundred fifty miles and one is a hundred miles.

Q. Do you know whether A.D.T. bid on the Cohen account?

A. I think they did.

Q. But you got it?

A. I don't remember the details.

Q. How about Holiday Package Liquor Store?

A. I don't recall that one at all.

Q. How about Essex Wire Corporation?

A. I don't recall any details on that.

Q. How about Brooks Furniture & Appliance?

A. I don't recall details on that.

Q. How about New Age Federal Savings and Loan Association?

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A. I remember the name, I honestly couldn't tell you [fol. 3696] whether we got it or they got it.

Q. Do you know whether you both bid on it?

A. To the best of my recollection, we did. That one would possibly be some notice in the local newspapers about a removal from one location to another or some expansion and it would be very logical to assume we were both in there soliciting.

Q. How about Universal Match Company?

A. I remember the Universal Match.

Q. Did A.D.T. bid against you for that account?

A. I don't know.

Q. Do you have it?

A. Well, we have and we haven't. We have got it and they have never turned it on.

Q. How many units do you have installed there?

A. I don't recall.

Q. Central Hardware Company?

A. Central Hardware I remember calling us when—we all had some of theirs and A.D.T. had some and we were called in by Central Hardware I presume on some renewals they were making with an increased rate.

Q. Who was making?

A. I presume A.D.T. was increasing some of the rentals that they had and Central Hardware called us in.

Q. Did you bid and did you get an account?

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A. We got some. I don't think we got them all.

Q. The McQuay Norris Manufacturing Company?

[fol. 3697] A. I remember the name and do not recollect the details.

Q. How about Firestone Tire & Rubber Company?

A. I remember the name and don't recollect the details.

Q. That is not a prestige account?

A. Not in the category of Famous Barr.

Q. Rausch Truck Lines Inc.?

A. I recall the name and not the details.

Q. Government Employee's Mart?

A. The Gem Stores, we have two of them.

Q. G.M. Transmission Rebuilders, do you have anything there?

A. I think we got something there, that name rings a bell.

Q. Do you know whether Merchants Alarm has anything there?

A. I don't know, that could be one of those limited service alarms, I don't recall.

Q. You compete with Merchant's Alarm for that business?

A. Yes, we sell a limited alarm service and we offer it for sale. We have some fourteen of them.

Q. Limited alarm services?

A. That is what we call it. It is where we put a local

and connect the transmitter to it which ties into the central

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station.

Q. How about Sears Roebuck & Company?

A. I have an alarm on a warehouse or service type of operation. They moved into a building that has had some service and we extended it for them but the stores, the Sears Roebuck retail stores, A.D.T. has.

[fol. 3698] Q. There was some talk yesterday about national accounts, is Sears Roebuck one of those that have been called or referred to as a national account?

A. I never called them a national account yesterday.

Q. Whom do you deal with if you are in trying to obtain this Sears Roebuck contract that we are talking about now?

A. I don't recall.

Q. Do you know whether A.D.T. bid for it?

A. I don't recall.

Q. How about Kroger's new warehouse?

A. I recall the name Kroger and a new warehouse, but I don't remember the details of that either.

Q. In or about 1958?

A. Oh, the one on Highway 66, is that the one you are talking about? I recall that one.

• • • • • • •

[fol. 3699] How about the Mississippi Valley Stock Yards?

A. It has been several years ago, I think we got some night watch service down there.

Q. Was that an A.D.T. account?

A. I don't recall. There was a friend of mine that I used to go horseback riding with, he and I were interested in outting horses and roping horses—his place of business, Northwest Drayage was right across the street from them. He called me down there to talk to this man he ate lunch with regularly.

Q. How about "Toswell Company"?

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A. "Toswell" Company has been an account of ours for many many years.

Q. Wasn't that an A.D.T. account at one time?

A. I don't recollect.

Q. In or about July of 1957?

A. I don't recollect.

Q. Do you know had A.D.T. bid on that account at that time?

A. I don't know.

[fol. 3700] Q. How about the Convent of the Immaculate Heart or Conception?

A. That could have been a hospital. I have a hazy recollection of a name. I think we have a customer similar to that. I think it is on a sprinkler system in the hospital.

Q. Is that a central station account?

A. Yes, sir.

Q. Is that in the City of St. Louis?

A. To my best recollection, the one I have in mind.

Q. How about the Hampton Bank of St. Louis?

A. I remember that name.

Q. Do you know whether or not Dibold renders any protective service there?

A. I don't recall Dibold Company renders that, I remember Dibold renders services of some form at many of the banks.

Q. Do you regard Dibold as a competitor in St. Louis?

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A. As a central station operator, no.

Q. As a competitor in any form?

A. Actually, no, I don't regard them as a competitor. What I would understand in the nature of our business, not as a competitor.

Q. Did you bid on the Hampton Bank of St. Louis account?

A. To the best of my recollection, I did.

Q. But Dibold got it?

A. I don't remember the disposition of it.

Q. How about the Commercial Credit Corporation?

A. I remember the name, not the details.

[fol. 3701] Is that a prestige account?

A. Again, it is nothing like Famous Barr. That would be a matter of opinion, too.

Q. Do you know whether Commercial Credit Corporation operates on a national area?

A. I don't know.

Q. How about the St. Louis Young Democrats?

A. I remember the St. Louis Young Democrats.

Q. Did you have that account?

A. Yes, sir.

Q. Did A.D.T. bid on it?

A. I think A.D.T. might have had something in there, they might have been expanding or extending their waterflow and interchanging or something. I don't remember the details.

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Q. Is that a prestige account in your area?

A. Not necessarily.

Q. How about the Piggly Wiggly Super Market?

A. I remember the name, I don't remember the details of that either.

Q. How about Central Hardware Company?

A. You mentioned Central Hardware Company.

Q. How about the St. Louis Board of Election Commissioners, Mr. Flotron?

A. I remember that account, sir, we have it.

Q. Do you know whether A.D.T. bid on it?

A. I think they did.

[fol. 3702] Q. It is a central station account?

A. Yes, sir.

Q. Are all of those that I have mentioned so far central station accounts?

A. I think they are.

Q. Substantially?

A. Substantially I would say they were.

* * * * * * *

Q. Does Notifier operate in the St. Louis area?

A. Yes, sir.

Q. Do you regard them as a competitor of yours?

A. Not actually, no, sir.

Q. What is the form of service, if you know, that they offer?

A. They sell proprietary types or remote connected types of systems, maybe some direct connected systems. There again, I know of no central station type of opera-
[fol. 3703] tion that they have, so we don't run into them very often.

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Q. Did you bring with you, by any chance Mr. Flotron, any forms of contracts used by your Ohio Corporation?

A. Yes, sir.

Q. May I see them, please?

A. Yes, sir.

Q. Mr. Flotron, you have handed me four forms of sample contracts which I take it constitute all of the different types of forms of contracts which your Ohio company cur-
[fol. 3704] rently uses in connection with the services it renders?

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A. To the best of my knowledge, that is the contract they are using up there, yes, sir.

Q. I notice each of these forms has the name of your new company imprinted over the name or initials of what was the Walnut Hills District Telegraph Company. Do you know whether these same forms of contracts were used prior to your own acquisition of ownership?

A. To the best of my knowledge, this was in the inventory or stock that was there.

Q. I will ask the reporter to mark this top paper which is used for the Ohio Company Central Station Sprinkler Supervisory Services as defendant's exhibits F. Then the witness produced a form entitled Central Station Burglary Alarm Service Contract which we will mark defendant's exhibit G for identification. And a third form labeled Local Burglary Alarm Service Contract which we will mark defendant's exhibit H for identification. Finally, a fourth form headed Central Station Manual Fire Alarm and Night Watchmen's Signal Box Service which we will mark defendant's exhibit I for identification.

(Whereupon the reporter marked the individual exhibits as indicated, "Defendant's Exhibits F, G, H, I,-1/26/62-JLH".)

Q. So far as your Ohio operations are concerned, Mr. Flotron, is the usual term of the contracts the same as in the Missouri office?

[fol. 3705] Page 288

A. No, sir.

Q. What is it in Ohio?

A. We were faced with a series of contracts, I think they had up there, for two years.

Q. You mean at the time you took over?

A. I would say—you notice how there are black spots in here for the time, for the period of years on F, G, and H, but I would say our manager—the new contracts I intend to send up there will probably use the same terminology we use here.

Q. And you will seek to obtain five years terms as a matter of policy?

A. I don't know exactly what my policy will be. In general, that is not important to us.

Q. Since you have been there to the extent that there have been renewals or new business, have you been obtaining five year terms?

A. We have some, yes.

Q. Do you seek to obtain them, if you can?

A. Well, we will ask the customer for that. We will take one or two or three or four, whatever he will sign up for.

Q. I notice that these forms have—the contracts I am looking at, exhibit F for identification, provides also that the installed apparatus and equipment shall remain the sole property of the contractor, the servicing company. That is the

[fol. 3706] Page 289

fact in Ohio also, is it not?

A. I haven't found where it says that here yet. Yes, sir.

Q. Does the Ohio company, as far as you are concerned, retain title to the equipment it installs on subscriber's premises?

A. We follow the general practice we have talked about

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[fol. 3707] Q. Is the operation of your Ohio company essentially the same so far as you surveying a subscriber or potential subscriber's premise the same as we have talked about in connection with the Missouri operation?

A. You mean in negotiating the new contracts?

Q. Yes.

A. I would say he is using the same basically.

Q. Is the procedure in Ohio essentially the same for obtaining certifications as we have talked about here in connection with Missouri?

A. If you are speaking about the certifications on burglary, they use the same identifical form.

• • • • • • •

Q. I have one, but not with me here. What is the location of the Ohio business, Mr. Flotron?

A. Oh, goodness, the best of my recollection, the address escapes me right now.

[fol. 3708] Q. Is it in the City of Cincinnati?

A. It is in the City of Cincinnati.

Q. What area does that company service?

A. The metropolitan area, may go outside the metropolitan area and I think he goes across the river into Louisville.

Q. Kentucky?

A. Yes, Kentucky.

Q. Is there any other state possibly than Kentucky in which those operations extend?

A. Not to my knowledge.

Q. Does that company obtain the equipment that it needs for the various services it furnishes, if you know, from your own manufacturing company and also from the several suppliers

whom you identified yesterday in connection with the Missouri company?

A. They do, and they buy from others too. He buys independently.

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Q. It is your opinion as to the amount of capital needed to attempt to start a central station business in the Cincinnati area substantially the same as the opinion you expressed earlier in connection with the St. Louis area?

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A. Yes, in a hypothetical case without all the facts about what you are trying to accomplish and the speed you are trying to accomplish it and the company could run the same from $100,000.00 to $1,000,000.00.

Q. Is $100,000.00 sort of a bottom figure in your estimation?

[fol. 3709] A. No. I haven't said it was a bottom or top. I don't know the facts of a hypothetical case, they aren't really clear to me. I know, with a sizeable investment up there, we weren't able to operate profitably for several years.

Q. And you don't care to tell me what the approximate size of that investment is as far as the Ohio company is concerned?

A. No, sir, I don't.

Q. Is personnel, so far as you know, for the operation of a central station business available in the Cincinnati area?

A. He is hiring people.

Q. Is he replacing people or adding people?

A. He is replacing and adding both.

Q. This indicates growth, does it?

A. I think the record here speaks for itself as to the growth in Cincinnati.

Q. Referring to defendant's exhibit E for identification?

A. Yes, sir.

Q. Do you know what persons, firms or corporations ren-

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der electric protective service in Cincinnati aside from your own company?

A. No, I only know of one other one up there and there again, he would be more familiar with what is in Cincinnati.

Q. What is the other you know about?

A. I think it is the A.B. Alarm Company.

Q. What type of service do they furnish, if you know?

A. I don't know all the details of their services.

Q. Do you know some?

A. They have some local alarms and they bought some [fol. 3710] equipment from us for a form of central station operation and also I am under the impression they are in the telephone answering business and the electric contracting business.

* * * * * * *

[fol. 3711] Q. As I recall now, in January of 1962, you expressed in testimony some purported facts in the nature of complaints and troubles? Did you not?

A. I didn't report any complaints. You asked me about certain jobs. I wasn't looking at them as a complaint.

Q. They were not complaints?

A. I didn't say whether they were or weren't complaints.

Q. Were they?

A. Were they, that is a good question.

Q. I am asking you now?

A. We weren't complaining about anything.

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Q. You weren't griping about any troubles you seem to think you might be having?

A. In the sales field, we have gripes about competition constantly but not to the Government. We haven't been griping. I hear people groaning about taxes all the time. Would you consider those complaints, sir?

* * * * * * *

[fol. 3712] Q. You have no complaints now concerning any defendant in this Industry?

A. Well, I don't like our competitive situation, I don't like to see service given away and I don't like to see the things that went on like they did at the May Department Store.

Q. Down where?

A. At the May Department Store, like try to kill a pres-

tige account. There is a lot of things I don't like in the operations.

Q. You have the May account, don't you?

A. Yes, sir.

Q. And you have had it for a while, haven't you?

A. Yes, sir.

* * * * * * *

[fol. 3713] Q. Incidentally, with reference to the contracts and

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times of the contracts, there are provisions in these contracts which were marked for identification in January of this year concerning the retention of title in the servicing company, is that so?

A. Yes, sir.

Q. What is the reason and if there is more than one reason, state all of the reasons that you know for such a provision in the service contracts.

[fol. 3714] A. In the case of a burglary alarm today—When you say to begin with—You say all the reasons?

Q. I say if there is more than one reason, tell me all that you can think of.

A. You would have different reasons for different types of contracts.

Q. I am talking about only the retention of title provisions in the contracts which you use?

A. In the case of burglary alarm contracts today, which you would take a contract of a man to furnish service for a number of years, you might possibly renew or replace portions of the contract of portions of the installation during the term of the contract and, as I explained to you before, since my inception into the business and it looked like it was a pretty stiff competitive situation, I was indoctrinated in '36 and '37.

Q. Was that just after you were a dancing teacher?

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A. I had taught a little dancing prior to that for a short period of time.

Q. What I want to know, Mr. Flotron, is this. Aren't

there requirements in the industry that the title is to be retained by the servicing companies?

A. I can't recall anything in insurance requirements but that maintenance be performed.

Q. Not the title deed?

A. I can't recall any instances that the title be retained. I can't recall any instances in which the insurance companies insist that we retain title.

[fols. 3715-3717] Q. Do the insurance companies prefer the ownership or protected premises be removed from the ownership of the protective system?

A. I couldn't say that they prefer they be removed. I would say that the insurance companies want you to meet the requirements and see that the jobs meet the specifications for the classification.

Q. Is there any other agency which is interested in the protective industry which makes this requirement?

A. I don't recall any other agency.

Q. Underwriter's Laboratories?

A. I don't recall the Underwriter's Laboratories require that.

Q. Is there provision in the N.F.P.A. pamphlets to this effect?

A. I don't recall any.

Q. If there are, there are, I take it?

A. That is right.

Q. You don't recall?

A. I don't recall.

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[fol. 3718] Q. Do you have any knowledge concerning so called A.D.T. standard rates?

A. I don't know where I got it but from time to time, I think I heard some discussion from somebody in the industry. I don't recollect who it was, that they had some basic rate or method of charging.

Q. What information did you get?

A. I don't know, I have never seen their rate schedule.

Q. You don't have a rate schedule of your own, do you?

A. No, sir.

• • • • • • •

[fol. 3719] Q. Concerning prices, Mr. Flotron, for the kind of services which your company holds itself out to provide, I take it that any given price couldn't be described as a low or high without reference to a particular job, is that right, a particular premises to be presented?

A. There again, Mr. Conkling, I don't understand what you are asking me.

Q. Well, if you were to hear that a price of "X" dollars was submitted to a potential customer on Olive Street who happens to run a clothing store or any other, jewelry store, you wouldn't know without examining the premises to be protected whether the figure you heard was low or high, would you?

[fol. 3720] Page 55

A. Not unless I looked at the premises.

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Q. Is it true, sir, that generally speaking, that your companies rates are lower than the A.D.T. Company rates?

A. Well, I couldn't say generally speaking because I don't really know what the A.D.T. rates are.

Q. Is it true that generally speaking where you talk as you have talked in several instances about A.D.T. making a second lower bid than it's first bid and a new job, that it's second bid is still above your bid?

A. No, we don't always know because we have to get our information from a customer and the customer is liable to tell you anything. You just have to keep asking him over and over again and make an independent judgment as to whether or not there is any truth in it. There have been some instances where we have been shown the contracts and the amount of money.

Q. Have you talked about several instances in this deposition in January or today?

A. I don't recall any of them. I think I talked about

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one of them is this deposition which was that Wetterau Grocery job and I don't recall any others. There again, I

don't sit down and keep a record, the A.D.T. bid over here and it was this, because I have been convinced in the competitive field, they will utilize any price necessary to get a job if they particularly want it regardless of any other conditions. So, why should I try to sit down and figure out what their rates are? I am running the A.D.T. Company, I am running the Potter Electric Company, and I try to arrive at what we can do business on. I don't know what their rates are.

Q. Do you know of any single instance where the A.D.T. Company in the last ten years bid under your company's [fols. 3721-3722] bid in connection with a job?

A. Any single instance?

Q. Yes.

A. Nothing comes to my mind right now in which I remember the particular job, other than——

Mr. Conkling: That is all I have.

Mr. Story: I have no questions.

[fol. 3723] IN THE UNITED STATES DISTRICT COURT

GOVERNMENT EXHIBIT No. 328

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 2785

UNITED STATES OF AMERICA, Plaintiff,

vs.

GRINNELL CORPORATION; AMERICAN DISTRICT TELEGRAPH COMPANY; HOLMES ELECTRIC PROTECTIVE COMPANY; AND AUTOMATIC FIRE ALARM COMPANY OF DELAWARE, Defendants.

DEPOSITION OF JOE FORMAN, CALL'S POLICE SIGNAL CORP., 67 WASHINGTON AVENUE, CHELSEA, MASSACHUSETTS.

Page 2

Q. Mr. Forman, will you state your full name and address?

A. Joseph Forman, 2201 Parkway, Philadelphia, Pennsylvania.

Q. Mr. Forman, at any time were you employed by any company which furnished central station electric protection service?

A. From October 1949 until November 1st, 1962. I was employed by the Owl Protective Company of Philadelphia.

Q. What is the address of that company?

[fol. 3724] Page 3

A. 120 North Camac Street, Philadelphia.

Q. What types of alarm services are conducted by the Owl Protective Company?

A. Owl Protective furnishes central office, central burglar alarm, fire alarms, hold-up and general supervisory services to the industry in the Philadelphia area.

Q. What position did you hold with that company, sir, when you were first employed with it?

A. I was initially employed as trainee and officer. That

was in 1949; and the chief position of executive vice-president and treasurer around 1952, and held that position until 1962, when I left.

Q. As executive vice-president and treasurer of the Owl Protective Company, generally what were your duties?

A. To supervise the entire operation.

Q. During that period of time, sir, did you own any shares of stock or any part of the Owl Protective Company?

A. At that time my ex-wife and I jointly held fifty per cent of the corporation.

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Q. From 1952 to 1962 while you were the executive vice-[fol. 3725] President and treasurer of the Owl Protective Company, did anyone approach you with an offer to purchase the Owl Protective Company?

A. In I believe it was 1958 a Mr. Webb of the Holmes Electric Protection called me and asked me if I would have lunch with him. I agreed to meet with him and he suggested the Bellevue-Stratford, and we had lunch—which was very enjoyable—and Mr. Webb asked me at that time was our company for sale, and I told him our company was not for sale.

Q. What was Mr. Webb's position at that time?

A. He was an officer with the Holmes Electric

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Protection here in Philadelphia.

Q. Had you known him prior to this time?

A. I had known of him and had never had occasion to meet him up until this point.

As a matter of fact, the relationship between Holmes and Owl as competitors was such that they did not look upon us favorably.

Q. Now, sir——

Mr. Conkling (Interposing) I move to strike all after "As a matter of fact."

By Mr. Story:

Q. Now, Mr. Forman, tell us as best you can recall [fol. 3726] exactly what Mr. Webb said to you during this luncheon meeting concerning your Owl Protective Company.

A. He asked me at the time what I thought of Robinson going into business, and I told him that I thought they were making a very big mistake. And then he said to me, "Well, because of this new competition, would you people like to sell the business?"

And at this point I thanked him for making the offer but that we would not entertain such a thought.

Mr. Conkling: I move to strike all after quote at this time I thanked him for making

Page 7

an offer unquote.

I don't think there has been any testimony about "offer," unless you want to clarify that, Mr. Forman.

The Witness: Well, there wasn't any offer in dollars and cents. He merely asked would we like to sell, and I said "No, we would not like to sell."

Mr. Conkling: All right.

By Mr. Story:

Q. Now, sir, what did Mr. Webb offer to purchase, all of your company or portions of it or what did he have in mind when he made his offer to you?

[fol. 3727] Mr. Conkling: I object to the form of the question as being based upon alleged facts which have not yet been testified to.

Mr. Story, I simply understood Mr. Forman to testify that Mr. Webb allegedly inquired whether the Owl Company was for sale, that Mr. Forman said "No, it wasn't," thanked him and they parted.

I have heard nothing about any offer. I object, therefore, to the form of the question.

The Witness: There was no offer.

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By Mr. Story:

Q. Did Mr. Webb tell you what portion of your business operation he was interested in?

Mr. Conkling: I object to the form of the question.

Mr. Story: You may answer.

A. Yes. He said he was interested only in the central office operation.

Mr. Conkling: And I move to strike the witness' answer.

By Mr. Story:

Q. How long did this luncheon meeting take place?

A. Approximately an hour.

[fol. 3728] Q. Was there any discussion as to what types of business or the volume of business that your company was conducting at that time?

A. No.

Q. You mentioned that he discussed the Robinson Company coming into the business. Have you told us everything that you can recall what Mr. Webb had to say about the Robinsons entering the central station business?

A. We didn't delve into that too deeply. We both agreed that we thought they were making a mistake going into this type of operation in this city. We didn't

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believe the city could carry that many central stations.

Q. You said "We didn't believe." Did Mr. Webb say anything concerning that, sir? Tell us as best you can recollect what Mr. Webb has to say.

A. As best as I can recollect, he and I talked on the same theme, that there was not enough business in the city of Philadelphia to warrant a third central station. And that was the extent of the conversation with regard to Robinson, other than the fact that they had a lot of money and could pour it into it if they wanted to.

Q. After this meeting did you ever hear from anyone in the Holmes Electric Protection Company with regard to inquiring about or purchasing your company?

[fols. 3729-3730] A. No. I personally did not.

Q. And under what circumstances did those discussions take place?

A. My ex-brother-in-law wanted to buy Mr. Robinson's

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business and offered to buy it. I negotiated for us and at the point of negotiation Mr. Robinson said that inasmuch as he didn't think we could make a deal as far as buying him, would we entertain the thought of him buying us.

Q. What was your answer, sir?

A. Very vague, and it wasn't "Yes" and it wasn't "No," but it was more "No."

• • • • • • •

[fol. 3731] Q. And you left the room?

A. And I left.

Q. Were you served with any subpoena in connection with being here this morning or today?

A. No, I was not.

Q. Will you tell me what the substance of your conversation with Mr. Story was prior to your appearing here on November 5th? Where did you meet him and what, generally, was said?

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A. Mr. Story came to our office and asked me whether there was any information that I could give him with regards to the proceedings that are going on now.

Q. Did you tell him at that time—meaning prior to November 5th—essentially that you have testified to here this afternoon in response to Mr. Story's questions?

A. I am sure it was mentioned, yes.

Q. When you talked with Mr. Story prior to November 5th and before coming here on the morning of November [fols. 3732-3733] 5th, was anyone else present at that conversation?

A. At that conversation? I don't believe so. I think it was just you (indicating Mr. Story) and I, yes.

• • • • • • •

[fol. 3734] A. No. I mean about ten years ago there may have been some proceedings at that time—I don't know about them—in which a Government representative came in and asked us if we had some documents which could be used in preparing the case, and we did have one or two documents and they were given to him at that time, and that is the last we saw of them.

Q. In presenting a case against the Defendants in this lawsuit?

A. Yes.

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Q. Meaning the American District Telegraph Company?

A. To the best——

Q. (Interposing) Holmes Electric?

A. To the best of my recollection, yes.

I think the involvement at that time was Bell Telephone, which, as you know, dates back quite a while.

Q. You say what you have in mind dates back approximately ten years ago?

A. Or Western Union, one of the two.

[fols. 3735-3738] Q. It dates back ten years?

A. At least ten years ago.

* * * * * * *

[fol. 3739] Q. Mr. Forman, how did you know you were talking with a Mr. Webb of the Holmes Company? Can you tell me that? You don't know, do you?

A. Yes, I do know.

Q. How do you know? You had never met him before?

A. No, I had never met him before. However, some of the personnel who worked for the Owl Company at one [fol. 3740] time or another did work for the Holmes Company—not all; some of them. And I described Mr. Webb very thoroughly to these gentlemen and they acknowledged the fact that it was he.

* * * * * * *

Q. Were you trying to assure yourself that it was, in fact, a Mr. Webb of the Holmes Company with whom you had just had lunch?